max Bank

ANNUAL REPORT 2007

FIVE-YEAR FINANCIAL HIGHLIGHTS ›››

FINANCIAL CALENDAR ›››

FINANCIAL CALENDAR

27 March 2008: Annual General Meeting.

29 April 2008: Quarterly report for Q1 2008.

5 August 2008: Interim report for the first half of 2008.

28 October 2008: Quarterly report for Q1-Q3 2008.

FIVE-YEAR FINANCIAL HIGHLIGHTS

	2007 DKK'000	2006 DKK'000	2005 DKK'000	2004 DKK'000	2003 DKK'000
KEY FIGURES					
Income statement					
Net interest and fee income	224,702	224,565	181,084	155,093	142,860
Other operating income	680	297	4,322	643	3,246
Staff costs and administrative expenses etc	185,551	173,024	136,690	109,421	95,350
Impairment losses on loans and advances etc	-6,520	-14,347	5,032	15,448	38,027
Profit/loss from investments in associates and group enterprises	-4,267	-3,361	292	1,434	1,140
Profit excluding value adjustments and tax	42,084	62,824	43,976	29,978	13,869
Value adjustments	15,799	49,036	30,639	24,494	37,082
Profit before tax	57,883	111,860	74,615	54,472	50,951
Profit for the year	44,733	89,246	54,631	40,917	44,084
Balance sheet at 31 December					
Loans and advances	4,957,773	3,671,654	2,351,321	1,882,456	1,361,469
Guarantees	3,134,935	2,815,988	2,088,674	1,390,009	1,052,737
Deposits	3,228,357	2,377,654	2,121,227	1,617,963	1,337,700
Equity at year-end	489,498	480,541	342,447	303,394	282,900
Balance sheet total	6,938,978	5,048,160	3,417,830	2,551,678	2,101,411
Custody account volume	5,724,303	5,697,840	3,308,242	2,463,423	2,313,804
Business volume	17,045,368	14,563,136	9,869,464	7,353,851	6,065,710
Ratios					
Return on equity before tax	11.9	27.2	23.3	18.8	19.3
Return on equity after tax	9.2	21.7	17.1	14.1	16.7
Capital adequacy ratio	14.5	15.6	13.2	14.6	12.8
Dividend ratio	15	15	15	15	20
Closing price of the share*)	532	564	402	310	211
Book value of share*)	246	234	199	165	157
Number of employees (average)	213	198	160	137	126

*) Restated to reflect denominations of DKK 20 for comparative years.

The rules of preparation of financial statements were changed considerably in 2005. The financial highlights for 2004-2007 have been prepared in accordance with the new rules whereas the comparative figures for 2003 have not been restated.
Comparative figures for 2004 have not been restated for financial assets and liabilities.
Interest on loans and advances written down for impairment in 2007 has been recorded at DKK 3,292k (2006: DKK 6,146k) under impairment losses on loans and advances.
The comparative figures for 2003-2005 have not been restated.

CONTENTS

2007 IN SUMMARY

Max Bank, whose primary market area was formerly the southern part of Zealand, has in 2007 established itself in Århus with departments for both private and corporate customers. The Bank has also completed the refurbishment of the private customer branches in 2007 in compliance with the new café design concept.

The total business volume has gone up by 17% to DKK 17.0bn, and the pre-tax profit amounts to DKK 57.9m which is at the anticipated level. Max Bank has a capital adequacy ratio of 14.5% which is high in relation to the capital adequacy requirement, and solid and long-term cash resources with a considerable excess cover in relation to the requirements of Danish law.

On the basis of continued solid growth in the aggregate business volume, Max Bank emerged from 2007 with a profit before tax of DKK 57.9m, corresponding to a return of 11.9%. The Bank's capital base increased in the year to exceed DKK 1bn, corresponding to a capital adequacy ratio of 14.5%. And as a result of long-term cash management, the Bank had solid cash resources at year-end with an excess cover in relation to the legal requirements of 85.2%.

The development is the result of a deliberate strategy which was initiated in connection with the Bank's 100-year anniversary in 2001. Since then, Max Bank has launched many new projects at a high pace, and the economic trends have helped them considerably. The Bank has, consequently, experienced massive growth and achieved favourable results for the benefit of its shareholders. Financially, the Bank is well prepared for sustained growth.

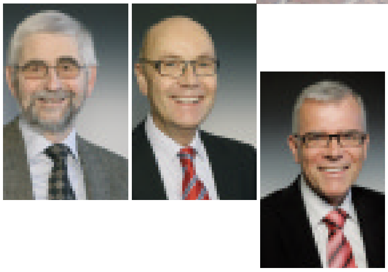
The development with ia many new administrative rules does, however, place new demands for continued professionalisation of Max Bank. Accordingly, the Bank constantly aspires to be at the cutting edge of developments, adopting a strategic and long-term work method. This is, for instance, reflected in the new way of holding General Meetings as well as the Supervisory Board's work with the newest Corporate Governance ideas based on ia self-assessment. It is also to a high degree reflected in the efforts of the Bank's Management in the ongoing optimisation of the Bank's capital structure and cash resources. These efforts have proved worthwhile as Max Bank despite considerable turbulence in the financial markets is characterised by cash resources providing latitude for continued growth. We have also maintained a capital base ensuring us a substantial scope for action.

8-point plan

Max Bank's Management has in recent years worked according to a fixed plan comprising 8 main focus areas.

- Branding
- Existing Business Areas
- New Business Areas
- Risk Management
- Organisational Development
- Capital Structure
- Investor Relations
- Corporate Governance

These main areas are described in detail in the following section.



Hans Fossing Nielsen, Supervisory Board Chairman,
Dan Andersen, Vice-Chairman
and Hans Verner Larsen, Temporary CEO

BRANDING

Based on a comprehensive strategic process, Max Bank has in connection with its 100-year anniversary launched a brand new concept with the intention of standing out in the crowd in a positive way. Ever since, this new concept has constituted the fundament for the Bank's branding strategy.

"We can't gain ground on products and price differences alone. It's something else, something indefinable, that establishes market position and ties to the customers. The core is a combination of our products, our staff's efforts and charisma and the way in which we communicate with the customers and market ourselves, which collectively should project the experience that Max Bank is something very special – a financial friend that genuinely and persistently worries about the customer's finances and overall options."

This is a quote from Vision 2010, which was drawn up in April 2000 after a comprehensive strategic process in the Supervisory and Executive Boards, where the former CEO, Hermann Höhrmann, acted as a substantial driving force. Roughly a year later, the vision was converted to action.

Based on the strategic process and in connection with the Bank's 100-year anniversary, Max Bank launched the concept 'Ny Tid' (New times) in September 2001, concurrently introducing the present graphic identity with the obligating value words: 'Brænder for det ypperste' (Excellence is our passion).

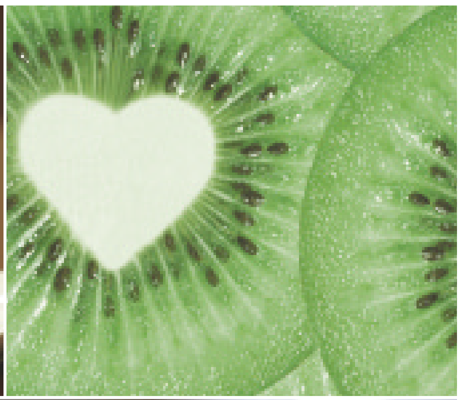
The intention with 'Ny Tid' was to maintain the best elements from the Bank's 100-year history while adding a number of brand new customer values. The pivotal point was – and remains – a desire to establish financial friendships with our customers based on close relations created on the basis of frequent contact and an informal tone. At the same time, we attach importance to creating an experience in the relation which goes far beyond the conventional bank relation. That is how we at Max Bank want to differentiate ourselves positively from the competitors.

In 2002 and the subsequent years, the value concept behind 'Ny Tid' was implemented, and the branding strategy was converted to specific actions. We introduced new advisory concepts where the core is frequent and systematic contact with the customers based on five sound game rules that apply for the staff.

- You should be wholeheartedly interested
- You should take the initiative
- You should put in a 100% effort, both professionally and personally

"The difference between Max Bank and other banks is that the normal physical layout of banks is based on mistrust. They don't want you inside unless you have business there. Next, you stand where they tell you to stand. And move forwards once you're told that you can approach the counter, etc. I'm sure everyone knows it. Max Bank has introduced a concept based on trust. You're welcome to come inside, even though you've only dropped by for a cup of hot chocolate. And that is actually very innovative."

Henrik Dahl, sociologist

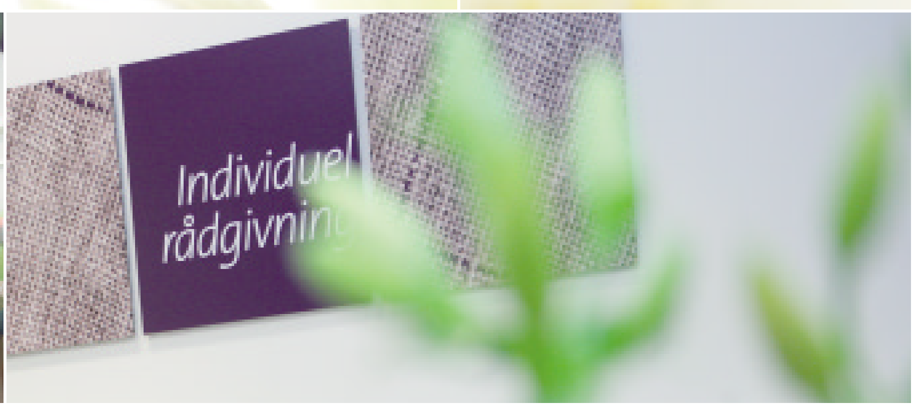


"Branding is a process in the organisation that ensures the delivery of a product that provides the customer with a perception of added value. Everything in the company and the organisation should target one single goal: Delivering added value to the customers."

Mogens Storgaard Jakobsen,
Msc Political science/
HD graduate

"A brand is more than a mere outer surface or wrapping. A brand defines the very identity – the substance – of the company's thoughts, visions, values as well as the customers' perception of them. A brand is a so-called 'promise mark' ".

Rasmus Harnung in the magazine, Markedsføring



- You should create atmosphere and ambience
- You should be self-critical

The new advisory concepts were first introduced in the private segment and subsequently in the corporate segment.

Most recently, the Bank has also introduced a special advisory concept in investments, which in the last few years has proved a highly successful business segment for Max Bank.

As part of the process, a number of internal work procedures have, moreover, been restructured so they support the active effort in relation to the customers, as prescribed by 'Ny Tid'. The same applies to the communicative effort in, for instance, the way customer meetings are held, letters, magazines and on the Bank's website.

To further emphasise that a stop at the bank should be positive experience, Max Bank launched a rather untraditional furnishing concept in 2004 for the private segment branches. This took place in connection with the opening of the new branch in Vordingborg, which was furnished as a café. Following the refurbishment of the Slagelse branch, which was opened in October 2007, the new design concept has now been implemented in all branches.

The idea behind the café concept is a desire to create an informal and hassle-free atmosphere for stops at the Bank and, accordingly, a more natural and equal relationship between the customers and the Bank's advisors. At the same time, the Bank represents an oasis where customers are always welcome to sit and relax with a cup of coffee, today's cake and newspaper. The café environment can also be transferred into an arena hosting big events for customers and other interested parties. This is an important element in the Bank's branding which is based on close relations and the aspiration to be more than a bank to its customers.

Bank products in wrapping

As the latest focus area, Max Bank has in 2007 launched an innovation in the form of a physical wrapping of the Bank's products. Initially, the Bank has introduced eight bank packages containing the most common bank products. These are:

- Max Velkomst (introductory package to new customers)
- Max Fordele (advantages by being 'all-in customer' and owning shares in Max Bank)
- Tjek på økonomien (advisory services focusing on you and your financial situation)
- Kun for børn (child savings and pocket money account)
- Max Formuepleje (investing)
- Max Investeringskredit (loans for investment)
- Køb/byg med rådgivning (housing package)
- Tjek boliglån (housing loans, loan conversion and equity)

Branding – an ongoing process

The implementation of the value concept behind 'Ny Tid' will continue to be an ongoing process with focus aimed at all segments in relation to the customers, where Max Bank in a positive way can differentiate itself from its competition.

Our bank products should be easily accessible and easy to understand... As something new, we have packed selected products in bags containing "instructions" and small surprises.

The favourable experience is created by a mix of constructive consultancy, a cosy environment and an informal ambience.

Developments in existing business areas

Particularly the corporate customer area has again in 2007 enjoyed very positive growth with an increase in customers, volume as well as earnings. The business opportunities in the private customer area have, however, also experienced growth as the surge in affluent customers has boosted the need for financial solutions and resulted in increased income from the more complex advisory areas such as housing investments and pensions.

Max Bank has in 2007 experienced continued high growth, and the aggregate business volume including custody account volume went up by 17%, totalling DKK 17m at year-end 2007.

It is characteristic that larger and larger growth in the total volume is required just to maintain unchanged earnings, which reflects a continually intensified competitive situation. It is, however, also characteristic that the business opportunities have become larger – particularly driven by the recent years' positive developments in real estate prices, just as the customers' desire to actively make the most of their possibilities within their own finances have increased considerably. This development which began with a current conversion and adjustment of the mortgage financing in real estate has continued and has been expanded to comprise wider elements of the customers' total finances.

On that background, Max Bank still sees a considerable unexploited business potential in the Bank's market area. This is why we in 2007 have enhanced the efforts to attract new customers and increase the business volume with the existing customers based on a number of pro-active market initiatives.

Among these are the advisory model, 'Tjek på økonomien' (Keeping taps on your finances), which is based on many bank customers today having a much larger financial scope than previously. The model aims to convert this scope to a financial benefit for the customer. The model is also aimed at ensuring satisfied customers that recommend the Bank to others.

The new concept, Max Formuepleje+, where we offer a dynamic optimisation of the customer's investment portfolio based on the his/her personal investment profile, investment horizon and personal tax situation, constitutes another initiative.

MiFID

Under the name MiFID (Markets in Financial Instruments Directive) new EU provisions on securities trading were introduced in Denmark effective from 1 November 2007, governing a number of transactions with financial instruments, including shares, bonds and currencies. The MiFID directive also introduces a new set of rules for investor protection, which involves a tightening of the Danish rules on good practice in the securities segment – particularly as regards investment consultancy.

In connection with MiFiD, we have reviewed our advisory processes and updated our code of practice for storing securities, trade provisions, prices and costs, and have also drawn up new policies on execution of orders and handling of any conflicts of interest, etc. In late October, all the Bank's active investment customers received a notice on the code of practice's significance for each of them, and the aggregate code of practice and our policies in this field are available on the Bank's website as well.

As a result of the MiFID directive, the Bank has also established a so-called compliance function to ensure compliance with laws and rules.

The implementation of MiFID has required substantial investments in new IT systems, organisation and internal training. We do, however, see the investments as an asset for both the customers and the Bank, ia thanks to an enhanced advisory competence.

Larger financial latitude and an appraisal of personal finances provide new and advantageous options for many customers.

Customer segments

Max Bank is especially committed to four customer segments: companies with ambitions, affluent private customers, home owners and young people facing establishment.

When it comes to the corporate segment, developments in 2007 have been particularly distinctive in both the number of customers and in business volume. The corporate centre in Næstved is today the region's biggest department for corporate customers with a professional staff of 28 corporate consultants and advisors. Independent corporate departments have also been established in Slagelse, Vordingborg and, most recently, in Århus.

A similar development has characterised the investment segment, where recent years' massive growth in business volume and earnings has been maintained at a high level in 2007 – although not matching the exceptionally substantial growth in 2006.

When it comes to housing, the Bank has also recorded progress in business. The stagnation and decline in prices witnessed in the Greater Copenhagen area have not in 2007 similarly impacted the southern part of Zealand, where the main part of the Bank's business is concentrated. This has helped maintain the activity scale at a high level – both in terms of construction projects and improvements. The growing affluence has also prompted many customers to utilise home equity to create extra scope in their finances by way of investments and/or improvements in their pension schemes.

Business areas

Loans

The 35% loan growth in 2007, totalling DKK 5.0bn, has been driven by high growth in loans to businesses. Developments in the housing area, moreover, have aside from a considerable increase in the Bank's own loans for housing purposes implied that earnings on loan provision via Totalkredit have gone up by 12% in 2007. The number of loan conversions has, however, dropped. This is a natural response to the course of interest rates in 2007 which made loan conversions less attractive all together.

There has, furthermore, been a positive increase in loans for investment credits.

Deposits

Max Bank has in 2007 intensified the effort to attract new deposits in order to reduce the Bank's dependency on external funding as a means to finance loan growth. It is on this background gratifying to note that the Bank has experienced the greatest growth in deposits for many years, 36% totalling DKK 3.2bn.

Investments

Despite the decline in the share market, the Bank's customers have remained very active in the investment area. In 2007, 57,000 transactions with shares, bonds and currencies were performed against 49,000 last year. The total custody account volume was DKK 5.7bn in 2007, which is largely unchanged on 2006.

Pensions

Danes' contributions to pension schemes set a new record in 2007, not least because of increased uncertainty about public pensions. And as the

Home
owners

Investments
Businesses
Young people

on the move

pension field, moreover, is characterised by a considerable need for advisory services, Max Bank decided to further intensify its efforts within pensions in 2007.

Strategic alliances and external cooperative partners

Max Bank has entered into strategic alliances with a number of external partners. These alliances and cooperation agreements are aimed at enlarging the Bank's range of services offered to the customers without having to establish the functions itself. In general terms, the Bank's policy is to outsource areas that do not fall within the Bank's own core competency. The primary cooperative partners are listed below.

- **Industry conditions, training and legal assistance.** The most important cooperative partners in this category are Lokale Pengeinstitutter (Association of local banks), Finansrådet (The Danish Bankers Association), Finanssektorens Uddannelsescenter (The finance sector's training centre) and Finanssektorens Arbejdsgiverforening (The finance sector's employers' association).
- **Mortgage finance.** The Nykredit-owned Totalkredit is Max Bank's primary cooperative partner when it comes to mortgage financing of owner-occupied homes. Via DLR Kredit, of which Max Bank is co-owner, we can also offer mortgage financing of agricultural, forestry or horticultural properties as well as properties for rental housing, cooperative dwellings, office and business properties and social housing.
- **Insurance.** Max Bank offers all common types of insurance for individuals and businesses. This takes place in cooperation with several alliance partners, comprising PFA (life assurance) Lokal Forsikring (commercial insurance) and Privat-Sikring (non-life insurance). Privat-Sikring is an independent insurance company which is wholly owned by Codan Forsikring and engaged in close cooperation with Lokale Pengeinstitutter.
- **Investment funds, etc.** Max Bank is co-owner of ia BankInvest, Sparinvest and Garanti Invest. BankInvest is one of Denmark's oldest investment funds and the Bank's primary cooperative partner within this area. Another significant cooperative partner is the investment fund, Sparinvest, which is also the Bank's largest shareholder as Sparinvest Europæiske Finansielle Aktier owns 5.36% of the share capital in Max Bank. Finally, Max Bank enjoys close cooperation with Garanti Invest, which is one of Denmark's leading suppliers of guarantee bonds, where the investment is provided with a capital guarantee implying that investors get their principal back in case of unfavourable development in the underlying assets.
- **IT.** BEC (The banks' computer centre) supplies IT systems in support of Max Bank's full service concept, both relative to customers and administration.
- **Payment service and cards.** PBS is Max Bank's cooperative partner in matters relating to payment services and card transactions, including via the Dankort card system.

New ATMs with plusses – eases operation and enhances security in the branches.

Increase in self-service

Most Max Bank customers today service themselves via the Webbank and ATM machines.

Max Bank has in 2007 introduced new ATMs which can both accept and disburse cash. On this background, the Bank will in spring 2008 implement a long-planned transition to cashier-less branches, which ia is effected as a safety measure to reduce the risk of robbery. Simple bank services in the private customer branches will in future be handled by the bank tenders, who the customers can approach if they have questions or need other assistance.

The new website which was launched in February 2007 provides a lot of information and will currently be expanded with more self-service tools.

New business areas

Max Bank is constantly on the lookout for new business areas, which fall naturally within the financial area or can establish synergies in this respect.

Up to the mid-1990s, Max Bank was a local Næstved-based bank. Since then, the Bank has expanded, establishing new branches in Slagelse, Vordingborg, Faxe and Haslev, which service private customers in South, East and West Zealand and corporate customers all over Zealand. And in early 2007, the Bank took the first steps towards a national expansion.

Århus

On 24 February 2007, Max Bank opened its new Bank·Shop for private customers at M.P. Bruuns Gade 46 in the heart of Århus. The Bank·Shop is designed according to a new branch concept taking into account that customers perform more and more banking transactions via the Internet. The concept also supports Max Bank's strategic commitment to creating experiences and obtaining closer ties to the customers.

In June 2007, the business activities in east Jutland were expanded by a Corporate and Investment Centre at Banegårdspladsen 18 in Århus.

From here a staff consisting of a handful of professional advisors perform fieldwork in a market area stretching from Randers in the north to Silkeborg in the west and Horsens in the south.

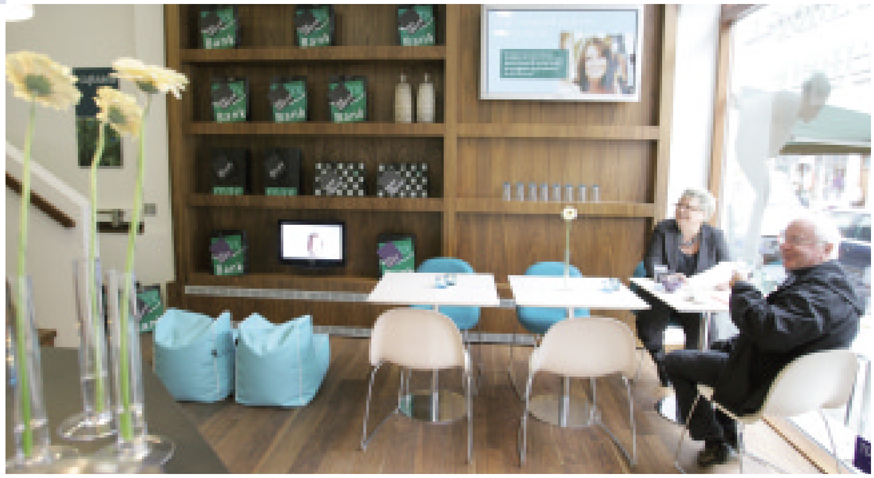
At year-end 2008, the Bank's Executive and Supervisory Boards will review the experience obtained from the establishment of the Bank·Shop and the Corporate and Investment Centre in Århus to assess the potential for further establishments.

Direct Centre for distant customers

The Direct Centre is another innovation, which saw the light of day in early 2006. The centre services distant private customers – primarily customers needing more complex advisory services – and concurrently supports the new Bank Shop in Århus.

Enlarged commitment within property management

In autumn 2005, Max Bank acquired 40% of the shares in AdministratorGruppen AS. In connection with a capital increase, the Bank in January 2007 increased its ownership to 51%. The aim is for AdministratorGruppen to continue its growth strategy, and



In the centre of Århus, we have a Bank·Shop for private customers and a Corporate and Investment Centre. This is our platform for targeted efforts on the East Jutland market.

within a number of years to develop into a major player in Denmark within management of owners' associations and cooperative housing societies.

Cooperation with real estate agencies

In the autumn of 2007, Max Bank established a cooperation with a number of real estate agencies in the Nybolig chain. The cooperation entails that the parties represent each other mutually in relation to customers facing a buy or sale of real property and when making offers for home financing. In addition to the cooperation with Nybolig, some of Max Bank's branches have entered into local co-operations with real estate agencies in the Realmæglerne chain.

New home financing offers

On 1 July 2007, a wide range a statutory changes for home financing came into effect as a result of the introduction of a new type of bonds, the so-called covered bonds or SDO (Særligt Dækkende Obligationer). The statutory changes provide banks with the opportunity of issuing bonds for mortgage loan financing as done by the mortgage banks. Mortgage banks too may issue bond loans according to the new rules. They are called covered mortgage bonds or SDRO (Særligt Dækkede Realkreditobligationer).

From the outset of 2008, Max Bank offers mortgage financing based on the new loan type in cooperation with Totalkredit.

letpension

In early 2006, a number of banks, including Max Bank, decided to establish a joint life insurance and pension fund named letpension. The Bank is looking forward to launching letpension on the market which has been fixed for the end of 2008. We expect that letpension will contribute to strengthening our competitiveness in the pension area and at the same time represent a sound investment for the Bank.

Risk Management

In 2007, risk management has enjoyed much focus. The reason is that new and comprehensive directions for determining banks' risks, new requirements for documentation of a reasonable capital base and capital adequacy as well as new disclosure requirements have been introduced with effect from 1 January 2007. The new requirements are based on directions laid down by the so-called Basel Committee and are referred to as Basel II.

Max Bank is exposed to different types of risks. The objective of the Bank's policies for risk management is to minimise the losses that may occur due to unpredictable developments in the financial markets, changes in market trends or political intervention, etc.

The risk management work is based on the three pillars defined by Basel II, where

- Pillar 1 concerns a quantitative assessment of credit risks, market risks and operational risks
- Pillar 2 concerns a qualitative assessment of the same risks as well as a number of other risks
- Pillar 3 prescribes the comprehensive disclosure requirements for the types of risks and overall risk position

Pillar 1 – quantitative risk assessment

Credit risk

Credit risk implies the risk that one party to a financial transaction causes the other party to suffer a loss as a result of non-observance of an obligation.

Overall, credit risks represent the most noticeable risk factor and account for approx 57% of the total risks in pillar 1.

Basel II provides various models for assessing credit risks. Max Bank has decided on the so-called standard method, and has furthermore decided to apply the transitional arrangement, meaning that the Bank will not fully implement Basel II in the credit area until the beginning of 2008.

Max Bank's risk management policies are therefore prepared to ensure that transactions with customers and credit institutions are constantly within the framework laid down by the Supervisory Board. In addition, policies have been adopted with clear directions for ia:

1. The extent to which and under what conditions commitments exceeding 10% of the Bank's capital base may be accepted.
2. What industries the Bank wants to accept credit commitments with, including maximum exposure in each of the industries.
3. Requirements for financial reporting from customers in connection with granting and following up on credits.

Full concentration on a sound basis.

4. Investment products funded by loans and provision of guarantees.

At the operational level, Max Bank launched a risk classification of its customers as early as in 2005, supported by control systems for identifying and controlling quantitative credit risks. In the end of 2007, the existing systems have been supplemented with new and more advanced IT systems for identification of the quantitative risks on loans and advances.

All the Bank's customers with loans exceeding DKK 5,000 are classified in a private customer group or a corporate customer group, respectively. Private customers are classified on the basis of disposable income, security and actual private funds, whereas corporate customers are classified based on earnings, equity and security. Each segment consists of five risk classes. The distribution on each of the five risk classes is illustrated in the table on page 21.

In 2007, the Bank has focused greatly on the weakest risk class in the corporate segment, where the Bank has intensified efforts to improve commitments or, if possible, dispose of them. This process has contributed to a general improvement of the already high quality of the Bank's total loans and advances.

The Bank is aware that the agricultural sector is presently under great pressure, particularly with respect to pig breeding. The Bank believes that only the big and effective breeders will be able to survive in the long run. But so far, increasing land prices have, for most breeders, compensated for the situation.

Furthermore, the Bank directs attention to the fact that its customer portfolio comprises a relatively large portion of construction businesses, an industry also experiencing a downturn. So far, the majority of these businesses have been able to adapt to the changed market situation.

Market risk

A market risk indicates a risk that the market price of a financial instrument will change.

Max Bank's market risk is managed on a day-to-day basis through fixed limits for a wide range of risk targets. Managing the Bank's excess liquidity includes investment of the Bank's funds in the share, bond, and currency market to optimise the return on the Bank's cash.

The Bank has established clear directions for the risks that it wants to accept for shares, bonds, currency, interest etc. Basically, the Bank does not accept material market risks as it aims to generate earnings through ordinary banking activities and not through speculative transactions with material risks.

The main features of the Bank's market strategy remain as follows:

- **Currency risk.** Currency risk is a measurement of how changes in exchange rates may affect the fair value of the Bank's currency positions. Max Bank is not exposed in this area as the Bank's foreign currency balances are settled on an ongoing basis.
- **Interest rate risk.** Interest rate risk is a measurement of how changes in the actual interest rate level may affect the fair value of the Bank's fixed-interest assets. The interest rate risk primarily arises in connection with the Bank's bond portfolio and fixed-interest loans and advances, and the overall interest rate risk must not exceed 5% of the capital base according to the Bank's internal rules. The Bank's own portfolio primarily consists of Danish bonds, and at year-end 2007, the Bank's total interest rate risk accounted for approx 4.6% of the capital base.
- **Share price exposure.** Share price exposure is a measurement of how changes in share prices may affect the fair value of the Bank's shares. The Bank's share investments are spread on a number of companies – typically in European main share indexes. The ownership share of the total own portfolio is below 10%, for which reason the share price exposure is correspondingly relatively low.

Liquidity risk

Seen in a risk perspective, managing the Bank's cash resources and funding has for several years been subject to much focus. This focus has remained intensive in 2007 when the banking industry has experienced a serious liquidity crisis. So, for Max Bank, the risk of lacking liquidity in the market is one of the risk scenarios given the highest priority by the Bank.

Generally, Danish banks have moved from profiting from deposits to generating losses from deposits. The reason is that the low interest rate makes it less attractive for customers to deposit funds in the Bank in traditional deposit accounts. This situation implies that more and more banks, including Max Bank, embarked on the national and international loan markets to ensure the liquidity required to grow in future. Since 2003, Max Bank's external funding has accordingly increased from a level below DKK 0.5bn to almost DKK 4bn.

Until the summer of 2007, liquidity on the loan markets have been inexpensive and reasonable, but the liquidity crisis has limited opportunities.

Overall, however, Max Bank has sound cash resources by means of long-term liquidity planning. Measured in relation to statutory requirements, the Bank's cash resources accounted for excess cover of 85.2% by the end of 2007.

In the light of the crisis in the international liquidity market, which broke loose in the summer of 2007, Max Bank has paid particular attention to its cash resources in the second half of 2007. The Bank's Supervisory Board has in this connection approved a liquidity strategy to ensure current cash resources for the Bank.

The turbulence on the liquidity market has not prevented Max Bank from enhancing its cash resources by expanding into several new lines on sound terms. Accordingly, the Bank has obtained liquidity in the order of DKK 300m from international cooperation partners in the end of 2007.

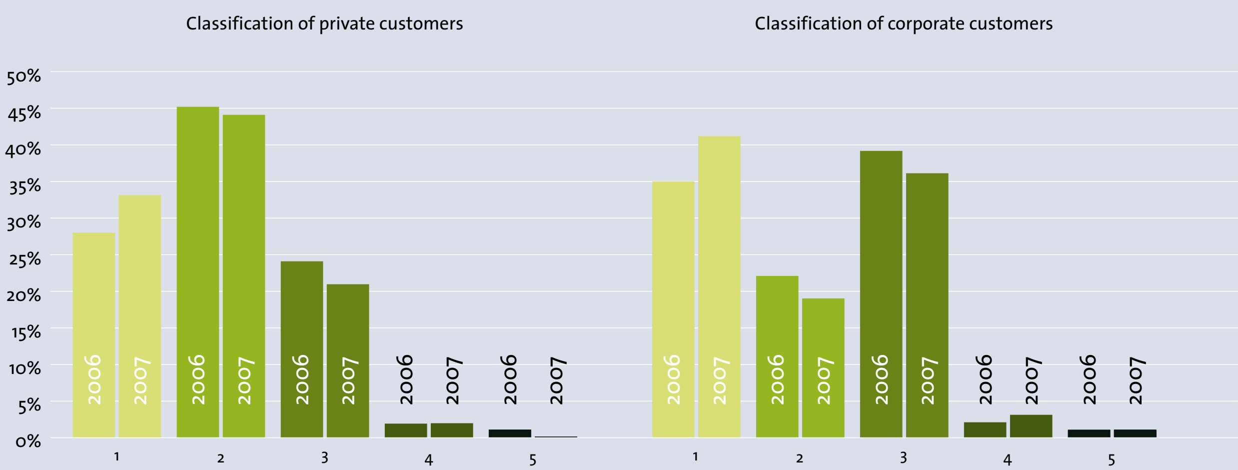
The lenders include a broad range of liquidity providers in a number of countries. So, the Bank is not dependant on single lenders. For all of 2007, long-term funding of a total of DKK 1.4bn has been raised.

In addition, the Bank has intensified efforts to attract deposits which has resulted in significant increases in the number of fixed-term deposit accounts.

Operational risk

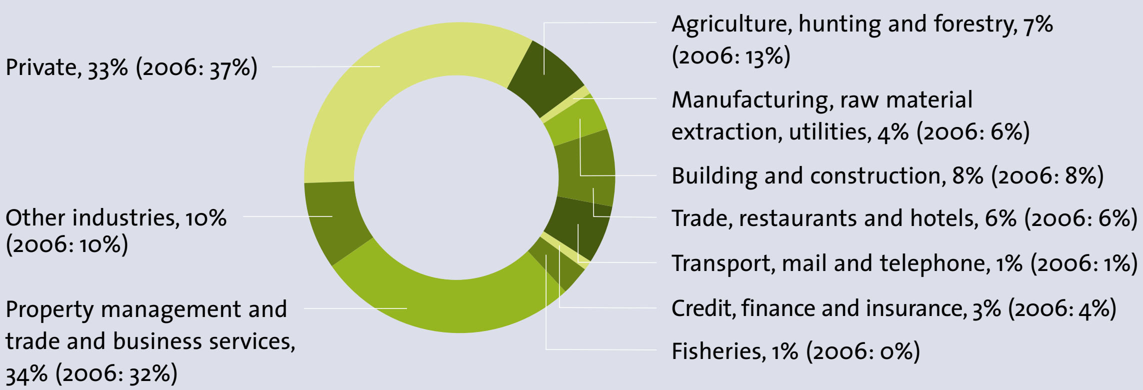
Operational risk is defined as the risk of financial losses as a result of errors in internal processes, human errors, system errors or losses as a result of

Customers with loans broken down by risk class



Lending volume calculated as credit max granted to the customers. 1 is best and 5 is worst.

Loans and advances and guarantees broken down by private and corporate customers



external events. Operational risks comprise all risks arising from the Bank's activities, and which are not included in the other mentioned financial risks.

- **Compliance risk.** With a view to complying with laws and executive orders etc, and to reduce losses, the Bank has prepared a number of policies and processes that describe the Bank's internal processes and how the Bank's employees should approach them. Policies and business processes are to ensure that laws and executive orders etc are complied with and that errors are avoided, resulting in a reduction of the Bank's losses. Furthermore, business processes should minimise the Bank's dependence on staff.
- **Control risk.** The Bank has established a control environment with a satisfactory level of segregation of duties, in which a number of controls are performed on a day-to-day basis. A number of standards have been prepared as to how controls should be exercised and reported.
- **Employee risk.** In general, staff shortage in the financial sector constitutes a great risk of non-development of the Bank's business activities. However, ia by virtue of a progressive staff policy with the object of ensuring that Max Bank is considered an attractive place of work with a high level of employee satisfaction, the Bank can be pleased about a relatively low staff turnover.
- **IT risk.** A central part of the Bank's guard against the risk of suffering financial losses as a result of errors in IT systems is the Bank's IT security policy and IT security code of practice. These policies and rules place a number of demands on the employees' conduct and on the structure of the IT systems etc. They also place a number of minimum requirements as to the handling of sensitive information. In addition, the Bank is currently working on a contingency plan to reduce losses in the event of non-accessible IT systems or other emergencies.
- **Reputational risk.** The Bank's image among customers and cooperative partners is crucial to the Bank's success. The Bank currently assesses whether measures and activities may damage the Bank's image.
- **Supply chain risk.** The Bank has concluded a number a strategic alliances with external cooperative partners. A number of them have been jointly concluded with all or parts of other local banks. This implies that Max Bank is part of joint solutions that have such great business volumes that we are jointly an interesting partner to a supplier at all times.
- **Force majeure risk.** The Bank has prepared plans for handling robberies as well as bomb threats. Other force majeure incidents, eg fire and power failure are described in the Bank's contingency plan.

The Bank is presently working on and methods as part of the new capital adequacy requirements. It is the Bank's policy that the operational risks should at all times be kept low considering the related costs.

As a safeguard against suffering losses as a result of operational risks, the following measures have been initiated:

Insurance strategy

In cooperation with an insurance broker, the Bank currently assesses its operational risks and has decided to cover the largest exposure, expect for financial risks, by insurance solutions, where possible and financially reasonable.

Compliance Department

In 2007, the Bank established a Compliance Department which is to contribute to ensuring the Bank's compliance with laws and executive orders at all times as well as internal policies and processes. The Department will in the coming year primarily focus in MiFID, Basell II as well as the Danish Money Laundering Act.

The Internal Audit Department

The Bank's Internal Audit Department has focused greatly on the Bank's operational risks and currently assesses whether the Bank's policies and business processes are sufficient and effective to handle such risks.

Pillar 2 – qualitative risk assessment

In relation to the work on current quantitative assessment of the Bank's risks, Max Bank has in 2007 initiated an effort with a wider qualitative assessment of the risks which the Bank assumes commercially as well as the risk which otherwise relate to the Bank's activities.

Based on input from various stakeholders, a gross list has been prepared containing all imaginable risks related to the financial sector. The gross list has been reviewed and adjusted, and the result is a net list of the risks considered relevant for Max Bank.

The net list has subsequently been reviewed according to a model, where each risk has been assessed for materiality to the bank, and the probability of the risk becoming a reality.

Pillar 3 – disclosure requirements

As a supplement to the first two pillars in Basel II, Pillar 3 lays down the requirements for disclosure of more detailed information on risk, capital structure, capital adequacy, risk management, etc.

The new rules increase the reporting requirements with regard to quantitative statements and detailed policy descriptions – particularly in the credit risk area. The qualitative requirements ia stipulate that the minimum capital requirement be calculated on the three risk types: Credit, market and operational risk.

The disclosure requirements are reported for Max Bank in a separate risk report which is available on Max Bank's website, www.maxbank.dk.

Our cooperation method is based on openness and honesty. And our ability to set clear-cut demands to each other.

Organisational Development

Max Bank has in 2007 implemented a number of activities to support the culture and the values for which the Bank stands. The Bank has, for instance, joined the competition to become Denmark's best workplace.

The overall aim of Max Bank is to stand as a very attractive workplace in the banking world to be able to attract and retain the most able employees in the market. The Bank's staff policy focuses on employee development, decentralisation with freedom with responsibility, flexible working hours, etc. The Bank has, moreover, introduced a health policy offering health check-ups, free fruit and discounts at fitness centres, etc.

The basic philosophy of the Bank's staff policy is part of the Bank's Corporate Governance policy and is based on the following views:

- Development of the Bank is achieved through development of people.
- People are developed through self-criticism and constructive feedback from people, they respect.
- Everyone in the organisation should be evaluated by their immediate superior, but everyone should also participate in an evaluation of their immediate superior.

Max Akademiet

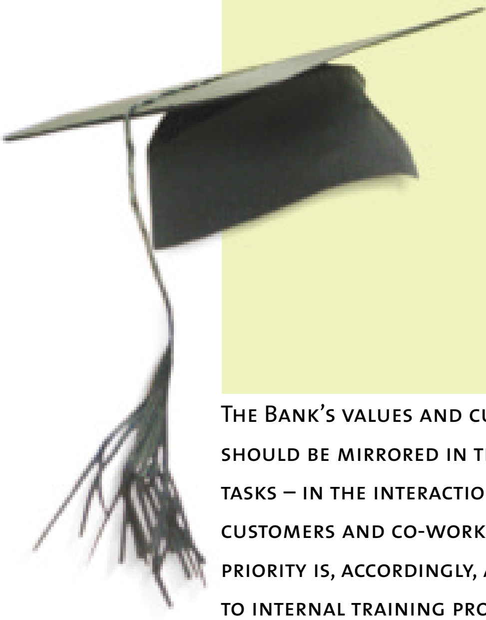
The Max Akademiet (Max Academy) is an internal training programme established in 2005 with focus on the Bank's values and culture. Max Bank's brand differentiates it from other banks. The employees are the actual "carriers" of the brand, and it is accordingly of vital that they all have a uniform understanding of the values and culture behind the basic idea and mindset.

The Max Akademiet has in 2007 implemented internal training courses on a new advisory model – Tjek på økonomien (Keeping taps on your finances) – which surveys all areas of the customer's situation and illustrates unexploited opportunities in the personal finances. The purpose is to ensure advisory services of the highest quality and, hence, a more satisfying experience for the customers.

Also, to support the culture and values which Max Bank stands for, an event was arranged for all of the Bank's employees in 2007. The event put focus on what makes Max Bank stand out in the crowd, and was also intended to strengthen social relations in the Bank.

Great Place to Work

In 2007, Max Bank partook in the competition to become Denmark's best workplace via Great Place to Work. In



THE BANK'S VALUES AND CULTURE SHOULD BE MIRRORED IN THE DAILY TASKS – IN THE INTERACTION WITH CUSTOMERS AND CO-WORKERS. HIGH PRIORITY IS, ACCORDINGLY, ATTACHED TO INTERNAL TRAINING PROGRAMMES IA VIA THE MAX ACADEMY.

the survey of Denmark's best workplaces, the participating enterprises are graded by employees' satisfaction with the workplace and by the management's ability to establish structures, systems, guidelines and rules to promote a favourable working environment. This takes place ia via a questionnaire survey and by completing a culture profile. By enrolling for the competition, the Bank kicked off a long-termed process where it works target-oriented in the development of the workplace with focus on high employee satisfaction by using the Great Place to Work concept as a management tool.

Social responsibility

In 2007, Max Bank has offered senior jobs to several staff members to retain them at the workplace as long as possible and offer a smooth transition to retirement.

The Bank has also engaged in close dialogue with the local governments in the Bank's market area to offer employees in the organisation who may need it the option of flex jobs and light duties; also to retain the employees as long as possible.

As part of an aspiration to enhance social responsibility, Max bank has also entered into a cooperation with Max Havelaar on serving sustainable coffee and juice in the Bank's cafes.

Incentive programmes

Employees of Max Bank partake in an incentive programme, where the fulfilment of three criteria trigger a share remuneration which may result in maximum DKK 10,000 worth of shares.

The three bonus triggering criteria are:

- Fulfilment of the advisory concepts for private and corporate customers, including unsolicited contacts to the customers.
- The annual customer and market survey needs to indicate increased customer satisfaction. By linking this condition to the incentive programme the Bank seeks to ensure high-quality advisory services and counteract what is popularly referred to as 'score sales'.
- Max Bank's growth and earnings measured as return on equity should on average exceed that of the other banks in OMX and MidCap+ and SmallCap+.

Full compliance with all three criteria triggers the maximum bonus in the form of shares in Max Bank at a market value of DKK 10,000 per employee per year. Fulfilment of two of the above-mentioned criteria triggers shares at a market value of DKK 5,000. Fulfilment of only one criterion triggers no bonus.

In addition, a performance-based cash bonus scheme has been introduced for investment advisors and management in the Investment Centre.

The Executive Board has an incentive programme, which is triggered by the same criteria as the employee programme, and a cash bonus scheme. In total, these programmes can trigger up to 12% of the salary.

Aside from the above, there are no incentive programmes, option plans, etc for employees, the Executive or Supervisory Board.

New Chief Executive Officer

On 25 September 2007, Max Bank issued a stock exchange announcement stating that the Supervisory Board of Max Bank and the Bank's CEO, Allan Weirup, had agreed to terminate their cooperation.

The decision was made on the basis of disagreements on the future strategy and after augmenting cooperative difficulties.

The Supervisory Board has subsequently initiated the process of hiring a new CEO who in future will make up the Executive Board together with EO Hans Verner Larsen, currently assuming the position of temporary CEO. The Bank expects the new CEO to take up the position in Q2 2008.

New head office

With one year's delay, Max Bank's plans for a new head office now become reality. In March 2007 Max Bank signed a rental contract with the property company, Nordicom, which becomes owner and lessor of the Bank's new head office which will be erected on the so-called Kanalgårdsgrund plot by Næstved harbour.

The original Kanalgård estate will be preserved and via a lobby building in glass be linked to a brand new five-storey office building in glass and steel. In total, the new head office will cover 5,500 m^2, which besides the Bank's administration and other staff functions will house Max Bank's central Business and Investment Centre, as well as the Bank's Direct Centre, which services distant customers. All these functions are today all found in the present head office in Jernbanegade. Part of the space in the new head office will be sublet.

According to plan, the new head office should be ready for occupation in the beginning of 2009.

The past
meets the present

Corporate and Investment Centre

Openness
and warm-heartedness

Clear-cut approach and bold details

The property company Nordicom A/S erects and owns the entire building of 5,500 m². Max Bank leases the building and intends to use the majority of the floor space. Approx 1 ½ storey will, however, be sublet. The Bank's new domicile is designed by the firm JUUL | FROST Arkitekter.

Capital structure

The capital structure has in 2007 enjoyed particular attention. This is because of the new capital adequacy rules adopted with Basel II, which set new rules for the calculation of the Bank's capital requirements and capital adequacy requirements.

Effective from 1 January 2007, the new Basel II code of practice introduced new requirements for the documentation of adequate capital base, capital adequacy and new disclosure requirements. According to the new rules, the Supervisory Board has assessed the Bank's capital requirements within the four main risk areas (credit risk, market risk, property risk and other risks).

Max Bank has in determining the Bank's capital adequacy requirement applied the model from Lokale Pengeinstitutter, where the capital adequacy is built up from 0%. Stress tests will also be conducted. The object of these stress tests is to uncover what considerable changes in a number of parameters can imply. The parameters include in the stress tests comprise ia considerable increases in impairment losses, substantial declines in share prices, major interest rate increases, major declines in property prices and increases in currency exposure and counterparty risk.

The result of the implemented stress tests has been incorporated in the capital adequacy requirement model implying that Max Bank at minimum needs to have a capital to cover the loss which will arise if the scenario in question occurs. The collective effect of the stress test on the capital adequacy requirement is calculated by matching the aggregate impact on results to the weighted items. This provides a target for how much capital is required for the Bank to survive the scenario set up.

In the opinion of the Supervisory Board, the risk factors included in the model meet the coverage requirements for all the risks which the law requires the Bank to allow for in the identification of the capital adequacy requirement.

The Supervisory and Executive Boards have, moreover, assessed whether the capital base is sufficient to support the future activities and how the Bank's growth expectations impact the determination of the capital adequacy requirement.

Robust capital structure

The determination of Max Bank's capital adequacy requirement according to the new Basel II rules shows that the Bank has a robust capital structure. The aggregate capital requirement, should all negative scenarios occur at the same time, can be calculated at 8.3%.

This figure, accordingly, corresponds to the Bank's calculation of its minimum capital adequacy. In order to ensure sufficient scope to act and latitude for continued growth, the Supervisory Board however aims at maintaining a capital adequacy ratio of approx 15%.

At year-end 2007, the Bank's capital adequacy ratio was 14.5% – constituting a considerable excess cover in relation to the determined requirement.

The make-up of the capital structure

The Bank's capital structure basically consists of three elements: Equity, subordinate loan capital and hybrid core capital. Combined they constitute the three entities in the capital base.

Today, Max Bank has a capital structure based on approx 60% equity and hybrid core capital and approx 40% subordinate loan capital.

Equity

+ Subordinate loan capital

+ Hybrid core capital

Capital base

Investor Relations

Max Bank has in 2007 maintained its IR effort to ensure the greatest possible security among its stakeholders and in the hope that more people will invest in the Bank.

In order to obtain more dialogue with the shareholders, the Annual General Meeting in March 2007 was held in a new way.

Max Bank attaches considerable importance to communications to and dialog with its shareholders, investors and anyone with a participating interest. The Bank's basic view on IR is to express openness based on the motto that openness ensures the greatest possible security with the enterprise's stakeholders and, accordingly, increases willingness to make capital available for the Bank's growth.

Max Bank has in 2007 maintained its communication effort – particularly via the Bank's shareholder magazine, Max Magasinet, which is published four times annually and constitutes the Bank's most important communicative tool in relation to the shareholders.

In February 2007, the Bank introduced a new website with detailed IR information, including a special section on Corporate Governance.

In 2007, we again arranged customer and investor events at our branches and other places in the local areas where the Bank is represented.

New way of holding the General Meeting

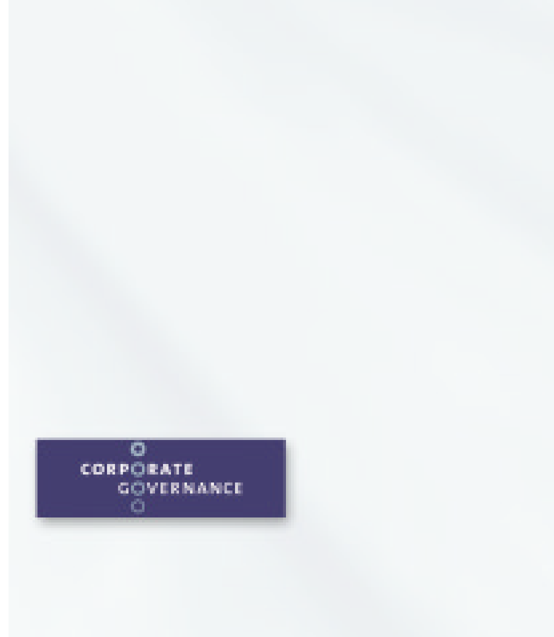
Max Bank has effective of 2007 decided to hold the General Meeting in a brand new way with enhanced focus on compliance with the Bank's IR and Corporate Governance obligations. Instead of the usual General Meeting held in the evening with dinner afterwards, Max Bank in 2007 arranged a General Meeting exclusively focusing on the commercial development and with an exhibition area which elaborated on the Bank's business areas, figures and tendencies.

Stock exchange announcements

As a company listed on the Copenhagen Stock Exchange, Max Bank is obliged to inform this Stock Exchange of any event material to the Bank. In 2007, 17 announcements were submitted to the Copenhagen Stock Exchange, and they are all available on the website.

Corporate Governance

Ever since the so-called Nørby Committee's first set of Corporate Governance recommendations were published in 2001, Max Bank's Supervisory Board has currently responded to and assessed the recommendations. The Supervisory Board not only complies with the Corporate Governance rules because we have to but because we consider them a good and valuable tool for managing the Bank.



Danish listed companies are required to state in their annual report how they respond to the so-called Corporate Governance recommendations.

Below, Max Bank's approach to these rules are reviewed in summary. With regard to the recommendations with which we do not comply in full, we give a more detailed explanation on the Bank's website in accordance with the "comply or explain" principle. The recommendations are divided into the following eight principal elements:

1. **Shareholders' role and interaction with Management.** Max Bank complies with the recommendations.
2. **Stakeholders' role and significance to the Company**. Max Bank complies with the recommendations.
3. **Openness and transparency.** Max Bank largely complies with the recommendations. However, quarterly and annual reports are publishedin English.
4. **The Supervisory Board's tasks and responsibilities.** Max Bank complies with the recommendations.
5. **Composition of the Supervisory Board.** Max Bank complies with the recommendations and has in 2007 intensified its efforts of evaluating the work of the Supervisory and Executive Boards, see below.
6. **Remuneration to the Supervisory and Executive Boards.** Max Bank complies with the recommendations. As a new initiative, the remuneration of the Supervisory Board is submitted for approval at the Annual General Meeting effective from the presentation of the annual report for 2007. As for details about the size of the remuneration, the recommendations are complied with for the Supervisory Board collectively and for the Executive Board collectively, however, it is not broken down by member.
7. **Risk management.** Max Bank complies with the recommendations and has in 2007 intensified its focus on risk management when implementing the new Basel II regulations.
8. **Audits. Max Bank complies with the recommendations.** However, the Supervisory Board does not believe that an audit committee is needed.

Procedures of the Supervisory Board

Generally, the Supervisory Board convenes every other week for a Board meeting at which the primary agenda item is to decide on the authorisation of major credit commitments.

In addition, the Supervisory Board convenes six or eight times a year for an extended meeting at which it proceeds according to a fixed plan including the eight overall focus areas:

- Continued development of Max Bank as a brand
- Activities in existing business areas
- Development of new business areas
- Risk management
- Development of the organisation
- Current optimisation of our capital structure
- Maintenance of relations to the Bank's investors and other stakeholders
- Corporate Governance

These eight items will in turn be the overall subject of feature days where the Supervisory Boards works with the development of the Bank on a strategic level. Also, these meetings are used for budget studies and budget performance, and we monitor developments in the subsidiaries.

Furthermore, the Supervisory Board holds an annual meeting to study in more detail all large commitments and the composition of the Bank's portfolio. This is done for purposes of controlling the Bank's credit risks so that for instance it does not become too dependent on a single industry.

Last but not least, the Supervisory Board holds a three or four day Board seminar every year in September at which the Supervisory Board together with the Executive Board really exhaustively deal with one or more specific issues on a strategic level.

The Supervisory Board is elected by the Annual General Meeting for a period of three years at a time. Until 22 March 2010, the Supervisory Board is authorised – in one or more rounds – to increase the Bank's share capital by up to DKK 10,350k.

Number of Supervisory Board meetings and attendance rate

In 2007, the Supervisory Board of Max Bank has held 33 meetings. The attendance rate totalled 90%.

Supervisory Board members elected by the employees

Since it was laid down by law, Max Bank has had employee representatives on its Supervisory Board. Every four years, the staff elect half of the number of Board members elected by the Annual General Meeting – at present, three representatives.

The employee representatives on the Supervisory Board have the same rights, duties and responsibility as the members elected by the Annual General Meeting.

Assessment of the work of the Supervisory Board

In 2007, the Supervisory Board of Max Bank introduced a systematic annual self-assessment. The assessment process is carried through using the following approach:

1. The Chairman supplemented by the Vice-Chairman (chairmanship) perform interviews with each member of the Supervisory Board individually. This interview takes place every year in September prior to the annual Board seminar. It is based on a specific form that covers 18 critical success factors,

and among the key words are personal commitment, constructive criticism, well-informed and abreast of conditions in the sector and society, openness and honesty, communication, resolution and integrity.

2. The ordinary members of the Supervisory Board then hold a meeting without the Chairman and Vice-Chairman at which the assessment interviews are discussed, and they assess the Chairman and Vice-Chairman.
3. A spokesman of the ordinary members of the Supervisory Board then reports to the Chairman and Vice-Chairman who draw a collective conclusion for the whole Supervisory Board.
4. The Chairman and Vice-Chairman report this collective conclusion to the Supervisory Board at its annual joint seminar where any actions to raise the general level or a specific level are resolved.
5. Should the Chairman and Vice-Chairman consider it necessary, an in-between situation interview may be arranged with the individual members of the Supervisory Board.

The purpose of this self-assessment is to ensure clearly defined tasks and responsibilities of the Supervisory Board – and this also includes ensuring the right mix of members.

Assessment of the Executive Board

To enhance the Bank's assessment practices in general, the Supervisory Board has in 2007 introduced specific criteria for its assessment of the Executive Board based on the following approach:

1. The Supervisory Board holds a meeting without the members of the Executive Board to discuss the position of each Executive Officer. This meeting will include the Supervisory Board members' written assessment of the Executive Board.
2. The Chairman supplemented by the Vice-Chairman (chairmanship) perform interviews with each member of the Executive Board individually. The interview is performed every year in February after the presentation of the financial statements. The interview is made using a specific form that covers 29 critical success factors, and among the key words are personal commitment, situational management, cooperation mindedness, constructive criticism, well-informed and abreast of affairs and conditions in the sector and society, openness and honesty, ambitious on behalf of the Bank, motivation to executives and staff, analytical skills, ensuring implementation, resolution, integrity, focus on customer and employee satisfaction, cooperation with the Supervisory Board and proper clout.
3. The Executive Board prepares its assessment of the whole Supervisory Board for the Chairman and Vice-Chairman.
4. The Chairman and Vice-Chairman present their report to the Supervisory Board.

Every year in August, the Chairman, Vice-Chairman and the Executive Board hold a status meeting to discuss the situation.

Supervisory Board of Max Bank

Chairman Hans Fossing Nielsen, 62.
Engineer.
Construction Leader of the contracting company, H. Nielsen & Søn A/S.
Executive Officer of H.F. Nielsen Næstved ApS.
Executive Officer of H.F.N. Holding ApS.
Executive Officer of Grimstrup Holding ApS.
Chairman of the Bank's subsidiary, Nauca A/S.
Supervisory Board member of H. Nielsen & Søn A/S.
Vice-Chairman of AdministratorGruppen AS.
Vice-Chairman of AdministratorGruppen Leasing ApS.
Vice-Chairman of AdministratorGruppen Invest ApS.
Vice-Chairman of AdministratorGruppens Sikringskonto A/S.
First elected to the Supervisory Board in 1987.
Term of office expires in January 2008.

Hans Fossing Nielsen is the principal shareholder of the contracting and carpentry company, H. Nielsen & Søn A/S, which carries on building projects under specialist subcontracts as well as main and turnkey contracts.

Hans Fossing Nielsen has been Chairman of the Board since 1990 and thus has many years' experience on the Board and is an important driving force behind the Bank's growth and its major change processes. In addition, he has sound business acumen, especially within the property sector where the Bank has major market shares, and this is of great importance in his work on the Board.

Vice-Chairman Dan Andersen, 56.
MSc (Econ), Executive Officer and Supervisory Board member of COMING/1 Reklame/markedsføring A/S.
Executive Officer and Supervisory Board member of COMING/1 Holding ApS.
Supervisory Board member of Sjælland Sport & Event A/S.
Supervisory Board member of Næstved Boldklub A/S.
Supervisory Board member of Maglemølle Erhvervspark A/S.
Supervisory Board member of H. Nielsen & Søn A/S.
Supervisory Board member of AdministratorGruppen AS.
Supervisory Board member of AdministratorGruppen Leasing ApS.
Supervisory Board member of AdministratorGruppen Invest ApS.
Supervisory Board member of AdministratorGruppens Sikringskonto A/S.
First elected to the Supervisory Board in 1989.
Term of office expires in January 2010.

Dan Andersen owns COMING/1 Reklame/markedsføring A/S, an agency which provides marketing and communications consultancy services and engages in graphic design and production. The agency, which is located in Næstved and was established in 1983, carries out assignments for both private and public sector companies.

With his professional background in marketing combined with a broad insight into many sectors, including board work in a number of companies, Dan Andersen plays a special part in the Bank's market and branding strategies.

Niels Henrik Andersen, 48.
Farm Owner.
First elected to the Supervisory Board in 2000.
Term of office expires in 2009.

Niels Henrik Andersen has been an independent farmer for more than 20 years. His family owns the Videbæksgård estate in Teestrup as well as two farms in Haslev. All-round farming with for instance 370 hectares under seed, porker production and breeding stock with sale of Danish hybrid LY young sows. In addition, he operates a tractor station.

The farming industry is an important business area for the Bank, and with his professional expertise combined with local knowledge of the Haslev district, Niels Henrik Andersen has an extremely important role to play in the work of the Supervisory Board.

Henrik Forssling, 41.
Registered Surgical Appliance maker. Owner of BandaGisten.
Executive Officer of Forssling Holding ApS.
Supervisory Board member of Forssling & Co. A/S.
Supervisory Board member of Mogens Forssling ApS.
First elected to the Supervisory Board in 2003.
Term of office expires in January 2009.

Together with his wife, Henrik Forssling manages BandaGisten Forssling & Co. A/S. The company has its head office and a clinic in Sorø as well as clinics and shops in Næstved, Slagelse and Holbæk. The company sells both to private customers and the public sector.

With a professional background in production, retail sales and consultancy, Henrik Forssling contributes to the work of the Supervisory Board on many fronts. The company's deep roots in the West Zealand market are an additional advantage.

Sven Jacobsen, 61.

Executive Officer of AL-CON Conveyor A/S.
First elected to the Supervisory Board in 1990.
Term of office expires in 2008.

AL-CON Conveyor A/S makes internal transport systems for manufacturing companies.

With his broad experience in the industry sector at home and abroad, Sven Jacobsen has a special role to play in relation to corporate banking and strategic development of the Bank.

Steen Sørensen, 50.

Chief Executive of South Zealand Business College.
Executive Committee member of University College.
Executive Committee member of the Social and Health Care College in Næstved.
First elected to the Supervisory Board in 2007.
Term of office expires in 2010.

Steen Sørensen is based in the financial sector but switched career track to the world of teaching when he was appointed Headmaster of Vordingborg Business School in 1988 and Principal in 1990. When this business college merged with Næstved Business College in 2002, Steen Sørensen became Chief Executive of South Zealand Business School, which is one Denmark's largest business schools and among the region's largest workplaces. Steen Sørensen also holds a special position as chairman of the executives section of Handelsskolernes Lærerforening (Teachers' Association of Danish Business Colleges).

With his knowledge of finance and strategy combined with vast experience of organisational development and change processes, Steen Sørensen contributes greatly to the continued development of the Bank.

Mie Rahbek Hjorth, 41.

Credit Officer.
Elected to the Supervisory Board by the employees, first time in 2007.
Term of office expires in 2011.

On 1 November 2001, Mie Rahbek Hjort was engaged with Max Bank as a Credit Officer in the Credit Department, and from this job Mie Rahbek Hjort has gained thorough insight into corporate banking and credit management. Throughout her career in the financial sector, she has worked with both private and corporate customers for many years.

Mogens Pedersen, 51.

IT Consultant.
Supervisory Board member of the Bank's subsidiary, Nauca A/S.
Elected to the Supervisory Board by the employees, first time in 1987.
Term of office expires in 2011.

Mogens Pedersen, who took up employment with Max Bank in 1974, is a B Com (Management Accounting) and has been a union representative at the Bank since 1992. Mogens Pedersen is also a member of the Bank's Works and Security Committee. Over the years, Mogens Pedersen has accumulated deep organisational knowledge of the Bank both through previous areas of responsibility (accounting/human resources) and through many years' work as a union representative and the performance of other union work.

Kurt Aarestrup, 45.

Corporate Adviser.
Elected to the Supervisory Board by the employees, first time in 1999.
Term of office expires in 2011.

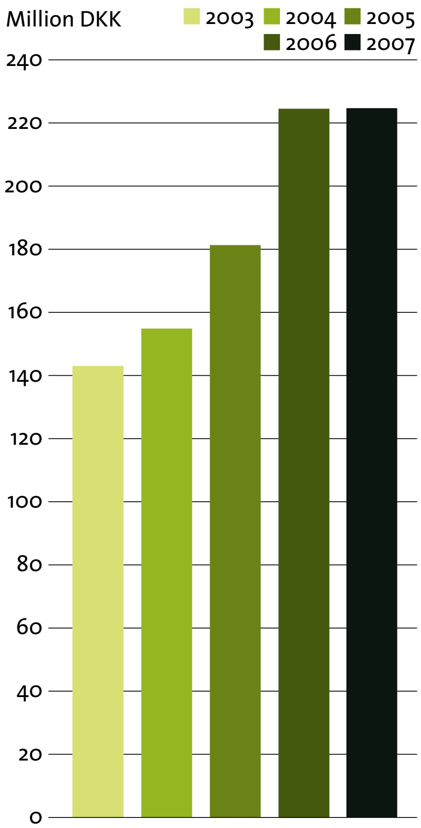
Kurt Aarestrup, who started to work with Max Bank in 1993, holds a diploma in financial accounting and works in the Bank's Corporate Centre as a corporate consultant. Throughout his banking career, Kurt Aarestrup has worked with corporate customers and through this built up solid and broad knowledge of corporate banking and credit management.

A positive ambience and constructive cooperation does not come by itself ... It is something you have to make an effort to maintain every single day.

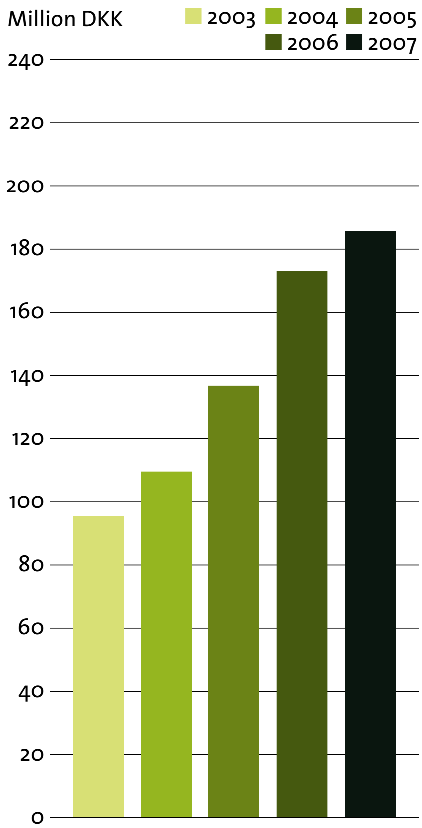
Active interaction – close cooperation

Development

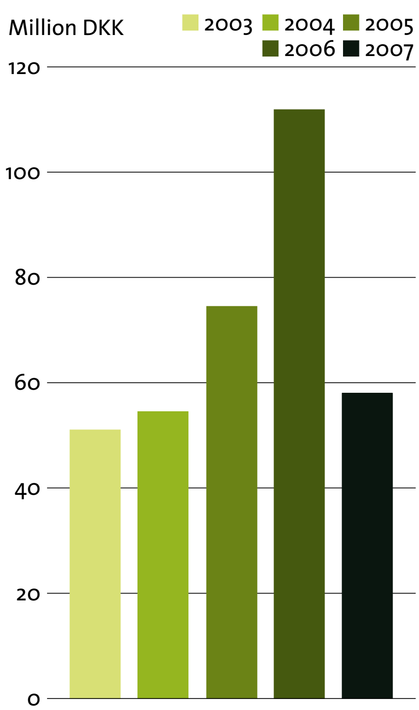
Net interest and fee income



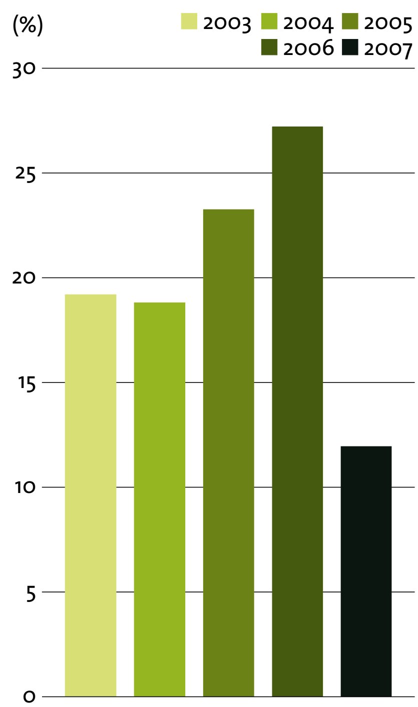
Staff costs and administrative expenses, etc



Profit before tax

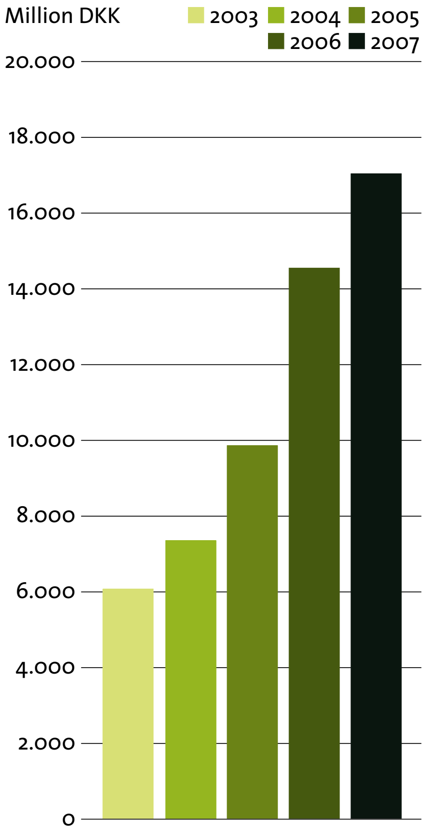


Return on equity before tax

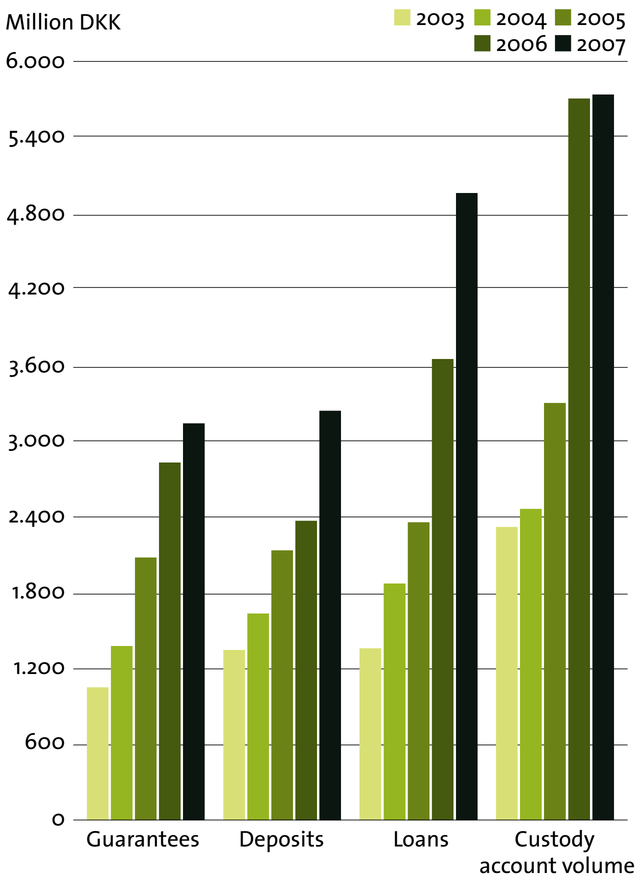


Development

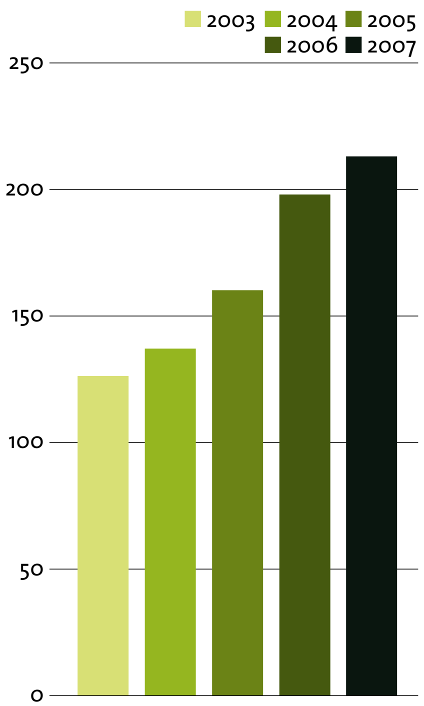
Total business volume (sum of guarantees, loans, deposits and custody account volume)



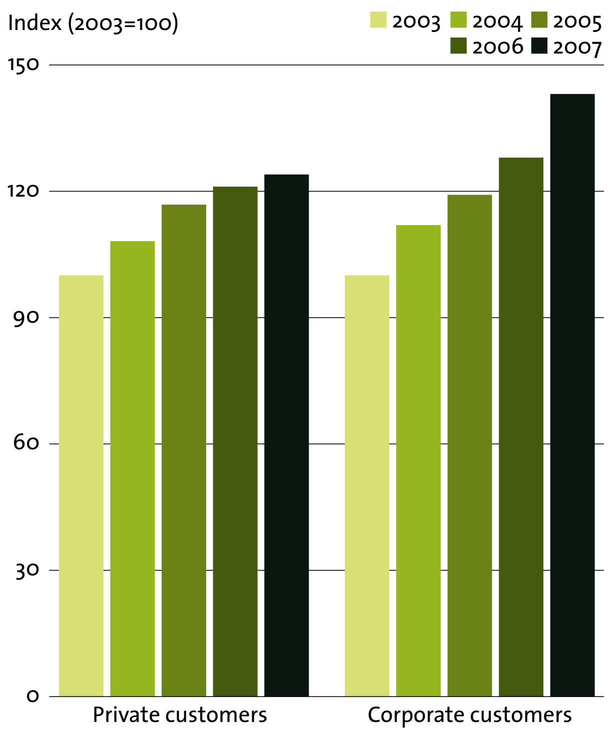
Guarantees, deposits, loans and custody account volume



Number of employees (average)



Customer base development



Financial Results for 2007

After two years, where particularly 2006 was characterised by extraordinary earnings from investments, high positive translation and market value adjustments and reversals of previous impairment losses, Max Bank's 2007 results can be seen as a return to a normal year, where the Bank has retained the stable trend in the earnings development which has characterised the Bank through a number of years.

The object of Max Bank is to carry on banking activities as well as other activities permitted under the regulations governing commercial banks. The primary activity of the Bank is to offer banking products to private and corporate customers. The customers are primarily based in the Bank's market area, comprising Næstved, Slagelse, Haslev, Faxe and Vordingborg. Max Bank has, however, in recent years expanded its activities into other areas of the country with the establishment of a Bank·Shop and a Corporate and Investment Centre in Århus and the Bank's Direct Centre, which services distant customers.

Max Bank has in 2007 experienced continued uninterrupted activity within all business areas. Loans and advances as well as deposits have increased by approx 35%. Also, the Bank has emerged from the autumn's stock market turbulence with increased positive market value adjustments. The instability in the international cash market that broke out in the summer of 2007 has not had an adverse effect on the Bank's funding situation, but the price of liquidity has of course been on the rise.

On account of a growth rate in the total business volume – loans and advances, deposits, guarantees and the custody account volume – of 17% to DKK 17.0bn, Max Bank emerged from 2007 with a pre-tax profit of DKK 57.9m, which almost corresponds to the previously announced expectations of a pre-tax profit for the year of DKK 60-70m. After two years, where 2006 in particular was affected by extraordinary earnings from investments, high positive market value adjustments and reversals of previous impairment losses, profit for 2007 reflects a return to a normal year in terms of earnings.

Fair rise in interest income

In 2007, interest income rose by 61% to DKK 343.8m. The rise is very much attributable to the increase in the Bank's loans and advances, but is also a result of the general interest rate hike in 2007.

Interest expenses have however more than doubled to DKK 207.9m. This is due to several factors. Firstly, the general interest rate level has been on the increase. Secondly, the Bank's external funding, by which the

Bank finances it growth in loans and advances today, has gone up by about 26% in 2007. Furthermore, we have had to pay more for such funding, particularly in the second half of 2007. Finally, the Bank has raised new subordinate loan capital in 2007 to strengthen the capital base, which has also increased interest expenses for subordinate debt.

The above matters imply that total net interest income in 2007 went up by 10% to DKK 135.9m.

In 2007, Max Bank's fee and commission income decreased by 9% to DKK 98.6m. Guarantee commissions have gone up by DKK 7m to DKK 31.5m – primarily as a result of a rise in foreign loans. The level of activities in the investment and housing areas has generally been reasonable in 2007. The decrease in total fee and commission income is attributable to extraordinarily high earnings from investments in Q1 2006.

Total net interest and fee income then amounts to DKK 224.7m, which is largely unchanged compared to the year before.

The effect of intensified efforts to reverse the cost development is already becoming visible

Despite the establishment of the new Bank·Shop and the Corporate and Investment Centre in Århus as well as refurbishment of the branches in Haslev, Faxe and Slagelse, staff costs and administrative expenses show a modest increase of 7% to DKK 173.3m.

This relatively small cost increase is a result of considerable efforts to reverse the cost development. In the summer of 2007, the Bank drew up a 30-point plan, the aim of which is to create greater balance in future between the Bank's income and costs and ensure a higher operating profit. It is the effects of these efforts that are already becoming visible, however the effect of the measures taken will not be fully reflected until in the financial statements for 2008 and onwards.

Continuing positive impairment losses

High quality in the overall loans volume and the relatively profitable market trends indicate that, again in 2007, it has been relevant to reverse previous impairment losses, either because commitments that were in danger of triggering losses, have been terminated, or because they have developed so positively that there is no longer a basis for maintaining previous provisions. The loss account accordingly shows an income of DKK 6.5m.

Cautious strategy triggers capital gain

When it comes to translation/market value adjustments, Max Bank performed satisfactorily in 2007 – however not as satisfactorily as the year before when these adjustments were positive by almost DKK 50m. In 2007, translation/market value adjustments amounted to DKK 15.8m, which must be considered satisfactory seen view of the autumn's big downturn in the stock markets.

Above all, it is first and foremost the Bank's investments in sector-owned companies, including DLR Kredit and Garanti, etc, that have ensured these positive translation/market value adjustments.

However, the Bank has simultaneously written down the shareholding in the subsidiary AdministratorGruppen AS for impairment by DKK 4.4m. The write-down for impairment is a result of the company presently going through a transition phase where it gears to new growth through a number of resource-demanding initiatives.

Pre-tax profit of DKK 57.9m

Pre-tax profit can be stated at DKK 57.9m against DKK 111.9m in 2006, which as mentioned was affected by several extraordinary matters.

After tax, which has been estimated at DKK 13.2m, profit for the year is DKK 44.7m against DKK 89.2m in 2006.

Dividends to shareholders are proposed to remain unchanged at 15%.

Capital base of DKK 1bn

After transfer of profit for the year, Max Bank's equity amounts to DKK 489.5m, and subordinate debt totals DKK 525m which is an increase of DKK 150m compared to the year before. The increase of subordinate capital

implies that Max Bank's capital base amounts to DKK 1,0bn at the end of 2007, corresponding to a capital adequacy ratio of 14.5%.

Max Bank has calculated the capital adequacy requirement at 8.3% under the new Basel II rules, and the capital adequacy ratio of 14.5% is therefore a considerable excess cover.

The profit for 2007 generates a return on the Bank's equity of 11.9% before tax.

Liquidity

The Bank's cash resources have for several years been the subject of great focus.

Max Bank has ensured cash resources through long-term liquidity planning.

Measured in relation to statutory requirements, the Bank's cash resources accounted for an excess cover of 85.2% by the end of 2007. By the end of February 2008, investment credits of approx DKK 500m will be repaid, which will positively influence the excess cover.

Total business volume now amounts to DKK 17bn

By the end of 2007, Max Bank's total business volume amounted to DKK 17.0bn, calculated as the sum of deposits and loans and advances, guarantees and custody account value. This corresponds to an increase in business volume of 17%.

Total loans and advances increased by 35% to DKK 5.0bn in 2007. Deposits went up by 36% to DKK 3.2bn. Guarantees rose by 11% to DKK 3.1bn. Total custody account value is largely unchanged at DKK 5.7bn.

Special circumstances

CEO Allan Weirup resigned on 25 September 2007 under mutual agreement.

The Supervisory Board has now initiated the process of engaging a new CEO who is expected to be announced in March 2008. Until then, EO Hans Verner Larsen takes the position as temporary CEO.

The Max Bank share

By the end of 2007, Max Bank had 15,958 shareholders. In 2007, the shareholders have experienced a decline in the price of the Bank's shares from 564 to 532, or 5.8%. This should be viewed in relation to a drop of 8.9% in the SmallCap index in the same period.

By the end of 2007, the Bank holds 81,361 shares. In its Articles of Association, the Bank has adopted a shareholder voting limit, by which no shareholder may vote for more than DKK 20,000 worth of listed share capital, corresponding to 1,000 votes. The share capital is not divided into classes. Each share has a nominal value of DKK 20. The Articles of Association may be changed at the Annual General Meeting by a majority of two thirds of the votes.

Outlook for 2008

Profit before translation/market value adjustments and tax, which amounted to DKK 46.4m in 2007, is expected at the level of DKK 40m in 2008.

The expectations are based on the following assumptions:

- Max Bank expects continued growth in loans and advances, however not to the same extent as in 2007, where the growth rate in loans and advances was 35%. The Bank will focus on growth in deposits as it aims not to worsen the loss from deposits.
- The cost development is expected to dampen in 2008. The Bank does not plan any major new investments in 2008, nor in new geographical areas.
- Impairment losses on loans and advances, which could be reversed in 2006 and 2007 by significant amounts, are also in 2008 expected to represent a moderate item of expense.

No significant events have occurred after 31 December 2007

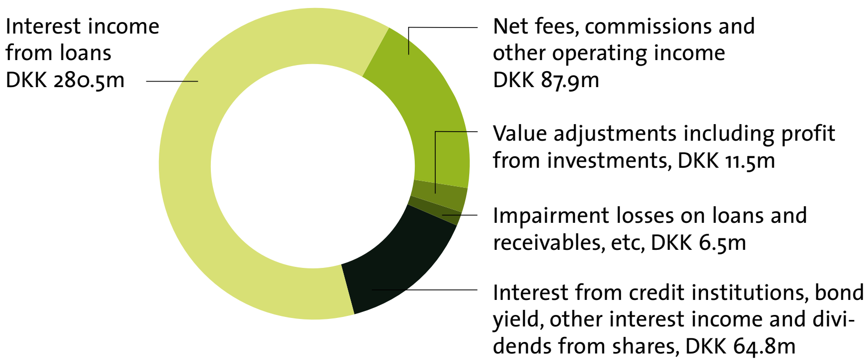
After financial year-end, no events have occurred that will influence the Bank's results.

Review

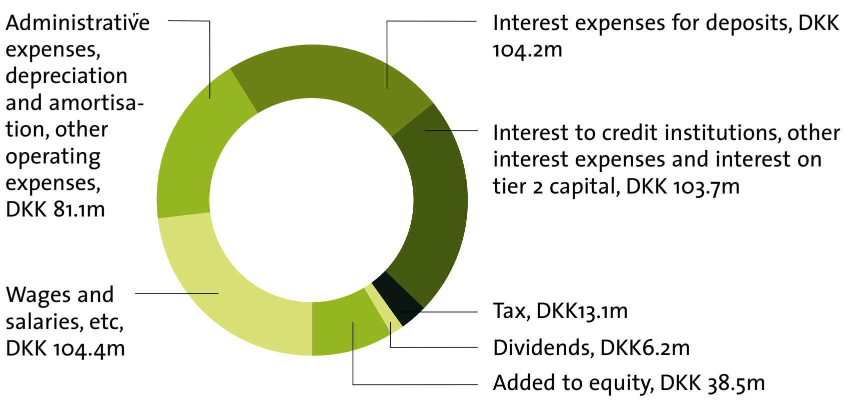
Total return on a share in Max Bank A/S

	2007	2006	2005	2004	2003
Quoted price at 31 December	532	564	402	310	211
Capital gains	-33	162	92	99	107
Dividends	3	3	3	4	3
Value of subscription right	0	78	0	0	0
Return in DKK	-30	243	95	103	110
Annual return	-5.3%	60.8%	30.6%	48.8%	105.8%

This is how the money is earned...



And this is how it is spent...



The Danish Financial Supervisory Authority's key ratio system

		2007	2006	2005	2004	2003
1	Capital adequacy ratio	14.5%	15.6%	13.2%	14.6%	12.8%
2	Core capital ratio	8.1%	10.3%	8.4%	9.6%	11.6%
3	Return on equity before tax	11.9%	27.2%	23.3%	18.8%	19.3%
4	Return on equity after tax	9.2%	21.7%	17.1%	14.1%	16.7%
5	Operating income over operating expenses	1.32 kr.	1.72 kr.	1.53 kr.	1.44 kr.	1.38 kr.
6	Interest-rate risk	4.6%	3.0%	2.8%	2.3%	1.8%
7	Currency position	1.1%	1.3%	6.2%	4.8%	3.7%
8	Currency risk	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans plus impairment losses thereon in ratio to deposits	155.7%	157.8%	115.2%	122.3%	109.5%
10	Excess liquidity in relation to statutory requirements of liquidity	85.2%	67.9%	69.0%	49.1%	107.4%
11	The sum of large exposures	167.6%	200.2%	234.6%	107.5%	105.8%
12	Share of receivables with a reduced interest rate	1.0%	0.7%	0.7%	0.9%	1.9%
13	Accumulated impairment ratio	0.9%	1.2%	2.0%	2.8%	4.1%
14	Impairment ratio for the year	-0.1%	-0.2%	0.1%	0.5%	1.5%
15	Loan growth for the year	35.0%	56.2%	24.9%	38.3%	14.0%
16	Loans in ratio to equity	10.1	7.6	6.9	6.3	4.8
17	Earnings per share for the year (denomination DKK 100)	108.1 kr.	235.2 kr.	153.9 kr.	112.1 kr.	120.8 kr.
18	Equity value per share (denomination DKK 100)	1,231 kr.	1,171 kr.	994 kr.	825 kr.	785 kr.
19	Dividend per share (denomination DKK 100) in DKK	15 kr.	15 kr.	15 kr.	15 kr.	20 kr.
20	Price/earnings for the year per share (denomination DKK 100)	24.6	12.0	13.0	13.8	8.7
21	Price/equity value per share (denomination DKK 100)	2.16	2.41	2.02	1.88	1.34

The rules of preparation of financial statements were changed considerably in 2005. The financial highlights for 2004-2007 have been prepared in accordance with the new rules whereas the comparative figures for 2003 have not been restated.

Comparative figures for 2004 have not been restated for financial assets and liabilities.

Interest on loans and advances written down for impairment in 2007 has been recorded at DKK 3,292k (2006: DKK 6,146k) under impairment losses on loans and advances.
The comparative figures for 2003-2005 have not been restated.

Endorsements

MANAGEMENT
The Supervisory and Executive Boards have today considered and approved the annual report of Max Bank A/S for 2007.
The annual report is presented in accordance with the Danish Financial Business Act. Further, the annual report has been prepared in accordance with additional Danish disclosure requirements for annual reports of listed financial companies. The management's review includes a fair presentation of the development in the Bank's activities and financial position as well as a fair description of the most material risks and elements of uncertainty that may affect the Bank. We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Bank's financial position at 31 December 2007 as well as of the results of its activities and cash flows for the financial year 2007.
We recommend the annual report for adoption at the Annual General Meeting.

Næstved, 20 February 2008

The Executive Board
Hans Verner Larsen
Managing Director

The Supervisory Board

Hans Fossing Nielsen, chairman	Dan Andersen, vice chairman	Niels Henrik Andersen
Henrik Forssling	Sven Jacobsen	Steen Sørensen
Mie Rahbek Hjorth	Mogens Pedersen	Kurt Aarestrup

AUDITORS
Independent auditor's report

To the shareholders of Max Bank A/S
We have audited the annual report of Max Bank A/S for the financial year 1 January to 31 December 2007, which comprises the statement by Management on the annual report, the management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The annual report has been prepared in accordance with the Danish Financial Business Act. Furthermore, the annual report has been presented in accordance with additional Danish disclosure requirements for annual reports of listed financial companies.

Management's responsibility for the annual report
Management is responsible for the preparation and fair presentation of an annual report in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for annual reports of listed financial companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion
Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the annual report is free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Our audit has not resulted in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Bank's financial position at 31 December 2007 as well as of the results of its operations and its cash flows for the financial year 1 January - 31 December 2007 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for annual reports of listed financial companies.

Næstved, 20 February 2008

Deloitte Statsautoriseret Revisionsaktieselskab

Mogens Holm Christensen	Christian Dalmose Pedersen
State Authorised Public Accountant	State Authorised Public Accountant

Accounting policies

The annual report has been presented in accordance with the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc and rules for listing on the Copenhagen Stock Exchange. We consider the accounting policies appropriate for the annual report to provide a true and fair view of the Bank's financial position and results.

The annual report has been presented applying the accounting policies consistently with last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Bank, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Bank, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value. However, intangible assets and property, plant and equipment are measured at cost at the time of the initial recognition. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. However, increases in value of owner-occupied property are recognised directly in equity.

Purchase and sale of financial instruments are recognised on the trading date.

Accounting estimates

Stating the carrying amount of certain assets and liabilities is related to an estimate of how future events affect the value of such assets and liabilities. The most significant estimates relate to impairment losses on loans and advances, provisions for guarantees, determination of the fair value of unlisted financial instruments as well as provisions.

The estimates are based on assumptions, which are considered reasonable by Management, but which are uncertain. Furthermore, the Bank is subject to risk and uncertainty that may result in deviations of the actual results from the estimates. Measurement of the fair value of unlisted financial instruments is therefore subject to significant estimates.

For write-down on loans and receivables, significant estimates are related to the quantification of the risk that not all future payments are received.

Changes in accounting estimates

The Bank has so far based its group-based assessment of loans, advances and receivables on an informed estimate. The Bank has used a proper model in the preparation of the annual report for 2007. The switch from an informed estimate to a proper model has been accounted for as a change of accounting estimate.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the closing exchange rate at the balance sheet date. Exchange rate differences that arise between the rate at the transaction date and the one in effect at the payment date or the balance sheet date are recognised in the income statement as exchange adjustments.

Non-monetary assets and liabilities acquired in foreign currencies which are not revalued at fair value are not subjected to market value adjustment.

Hedge accounting

The Bank does not apply the rules on hedge accounting.

INCOME STATEMENT

Interest, fees and commissions

Interest income and interest expenses are recognised in the income statement in the period to which they relate. Commission and fees, which are integrated parts of the effective interest rate on loans, are recognised as a part of amortised cost and thereby as an integrated part of the financial instrument (loans) under interest income.

Commission and fees which are part of a current payment are accrued over the term of the loan. Other fees are recognised in the income statement at the date of transaction.

Interest on written-down loans is recognised under write-downs on loans and receivables, etc.

Staff costs and administrative expenses

Staff costs comprise salaries and wages, social security costs, pension contributions, etc. for the Bank's staff. Costs for payments and benefits for employees, including anniversary bonuses and severance payments, are recognised concurrently with the employees' performance of such work as entitle them to receive the payments and benefits concerned.

Costs for incentive programmes are recognised in the income statement in the financial year to which the cost is related.

Pension plans

The Bank has entered into defined contribution plans with its employees. In the defined contribution plans, fixed contributions are paid to an independent pension fund. The Bank has no obligation to pay any further contributions.

The Bank also has defined benefit plans previously entered into for Management, and two of these plans still exist.

Under the defined benefit plans, the Bank is obliged to pay a defined benefit when a member of Management retires. Obligations of this kind are calculated using an actuarial discounting of pension commitments to present value. The net present value is calculated on the basis of assumptions of future developments in interest rates, inflation and mortality. The Bank's current Management is not covered by these plans.

Taxation

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and classified directly as equity by the portion attributable to entries directly in equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Bank is taxed jointly with Nauca A/S and AdministratorGruppen AS.

THE BALANCE SHEET

Cash and demand deposits with central banks

Cash and demand deposits with central banks comprise cash holdings as well as demand deposits with central banks.

The item is measured at amortised cost.

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks comprise receivables from other credit institutions as well as time deposits with central banks.

The item is measured at amortised cost.

Loans and advances

This item consists of loans and advances which have been paid directly to the borrower.

Listed loans and advances and those forming part of a trading portfolio are measured at fair value. Other loans and advances are measured at amortised cost which usually corresponds to the nominal value minus front-end fees, etc and minus any write-downs for impairment for occurred but not yet realised losses.

Write-down for bad and doubtful debts is made when there is objective evidence of impairment. Write-down for impairment is made by the difference between the carrying amount before write-down and the present value of the expected future payments on the loan or advance.

Write-down for impairment is made both on individual and group basis.

The group-based assessment is performed on groups of loans, advances and receivables with similar characteristics as regards credit risk. The Bank has 11 groups containing one group of public authorities, one group of private customers and nine groups of corporate customers as the corporate customers are broken down by sector groups.

The group-based assessment is made by applying a segmentation model developed by the association Lokale Pengeinstitutter, which is responsible for current maintenance and development. The segmentation model determines the correlation of the individual groups between realised losses and a number of significant explanatory macroeconomic variables through a linear regression analysis. The explanatory macroeconomic variables include unemployment, real property prices, interest rate, number of bankruptcies/compulsory sales, etc.

The macroeconomic segmentation model has been set up on the basis of loss data for the entire banking sector. Max Bank has assessed the model estimates and adjusted them.

This assessment has led to an adjustment of the model estimates to own conditions after which the adjusted estimates form the background for the calculation of the group-based write-down. An estimate is produced for each group of loans and receivables that expresses the impairment in percent related to a given group of loans and receivables at the balance sheet date. When comparing with the individual loan's original risk of loss at the time of establishment and the loan's risk of risk in the beginning of the current financial period, the individual loan's contribution to the group-based write-down is obtained. The write-down is calculated as the difference between the carrying amount and the discounted value of the expected future payments.

Bonds

Bonds and mortgage deeds traded on active markets are measured at fair value. The fair value is calculated on the basis of the closing price on the relevant market at the balance sheet date.

Shares

Shares traded on active markets are measured at fair value. The fair value is calculated on the basis of the closing price at the balance sheet date. Unlisted and non-liquid shares, for which calculation of a reliable fair value is not deemed possible, are measure at cost.

Investments in group enterprises and associates

An associate is an enterprise over which the Group may exercise significant, but not controlling influence. A group company is an enterprise over which the Group may exercise controlling influence.

Investments in group enterprise

Shares in the subsidiary Nauca A/S and AdministratorGruppen AS have been measured under the equity method with addition of goodwill.

Property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost. Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

Owner-occupied property is property which the Bank itself uses for administration, branches or other service operations. Subsequent to initial recognition, owner-occupied property is measured at revalued amount. Revaluation is made so often that no significant differences occur in relation to the fair value. External experts are not involved in the measurement of owner-occupied property. Increases in the properties' restated value is recognised directly in equity as a revaluation reserve. Any decrease in value is recognised in the income statement unless it is considered a reversal of previous revaluations.

Depreciation is calculated based on the revalued amount. Owner-occupied property is depreciated over a period of 50 years.

Other property, plant and equipment comprise machinery, equipment, safety deposit facilities, computer equipment and leasehold improvements and are measured at cost minus accumulated depreciation and impairment losses. Straight-line depreciation is made on the basis of the following assessment of other assets' expected useful lives which are estimated to be from 3 to 7 years.

Other property, plant and equipment are tested for impairment when there is evidence of impairment, and they are written down to the recoverable amount which is the higher of net realisable value and value in use.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other financial liabilities

Other financial liabilities are measured at amortised cost which usually corresponds to nominal value.

Provisions

Liabilities, guarantees and other liabilities, which are uncertain in terms of amount or time of settlement, are recognised as provisions when it is probable that the liability will lead to a consumption on the enterprise's financial resources, and the liability can be measured reliably. The liability is stated at present value of those costs necessary to meet the obligation. Provisions for staff commitments are made using a statistical actuarial basis. Liabilities due more than 12 months after the period during which they arise are discounted.

However, guarantees are not measured at an amount lower than the commission received for the guarantee accrued over the guarantee period.

Dividends

Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Own shares

Acquisition and selling prices as well as dividends on own shares are recognised directly in retained earnings under equity.

Derivative financial instruments

Derivative financial instruments are measured at fair value. Derivative financial instruments are recognised under other assets or other liabilities.

Cash flow statement

The cash flow statement is presented according to the indirect method and shows cash flows from operations, investments and financing as well as the Bank's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investment activities comprise payments in connection with acquisition and divestment of enterprises, activities as well as acquisition, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the Bank's share capital, subordinated debt and related costs, acquisition of treasury shares as well as distribution of dividends.

Cash and cash equivalents comprise cash holdings and demand deposits with central banks, receivables from credit institutions with original maturity periods of up to three months as well as securities with original lives of up to three months which may immediately be converted into cash and which are only subject to insignificant risks of price changes.

Financial highlights

Financial highlights have been prepared in accordance with the requirements of the Executive Order on Financial Reports for Financial Credit Institutions and Investment Companies to this effect.

The ratios applicable from 1 January 2004 are stated in the Executive Order on Financial Reports for Financial Credit Institutions and Investment Companies but are defined in the financial reporting guidelines for credit institutions and investment companies, etc. (Appendix 6) (for 2003 please refer to the definitions in the former Executive Order on Financial Reports for Banks and Savings Banks).

Income statement and distribution of profit

Note		2007 DKK'000	2006 DKK'000
	INCOME STATEMENT		
1	Interest income	343,782	214,231
2	Interest expenses	207,903	91,063
	Net interest income	**135,879**	**123,168**
	Dividends from shares, etc	1,578	3,359
3	Fee and commission income	98,561	108,615
	Ceded fees and commission expenses	11,316	10,577
	Net interest and fee income	**224,702**	**224,565**
4	Value adjustments	15,799	49,036
	Other operating income	680	297
5	Staff costs and administrative expenses	173,290	162,402
6	Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment	12,234	10,622
	Other operating expenses	27	0
7	Impairment losses relating to loans, advances and other receivables, etc.	-6,520	-14,347
8	Profit/loss from investments in associates and group enterprises	-4,267	-3,361
	Profit before tax	**57,883**	**111,860**
9	Income tax	13,150	22,614
	Profit for the year	**44,733**	**89,246**
	Proposed distribution of profit		
	Dividends for the financial year	6,210	6,210
	Carried forward to next year	38,523	83,036
	Total	**44,733**	**89,246**

Balance sheet at 31 December

Note		2007 DKK'000	2006 DKK'000
	ASSETS		
	Cash holdings and demand deposits with central banks	540,723	306,398
10	Receivables from credit institutions and central banks	350,348	192,302
11	Loans, advances and other receivables at amortised cost	4,957,773	3,671,654
12	Bonds at fair value	769,673	625,831
13	Shares, etc	181,841	161,495
	Investments in associate	0	5,400
	Investments in group enterprise	10,826	5,212
	Total land and buildings	17,087	14,689
14	Owner-occupied property	17,087	14,689
15	Other property, plant and equipment	37,401	26,254
	Current tax assets	1,692	0
16	Deferred tax assets	6,746	7,212
	Other assets	64,868	31,713
	Total assets	**6,938,978**	**5,048,160**
	EQUITY AND LIABILITIES		
17	Payables to credit institutions and central banks	2,610,068	1,739,668
18	Deposits and other payables	3,228,357	2,377,654
	Current tax payable	0	2,080
	Other liabilities	73,787	58,730
	Deferred income	131	140
	Total payables	**5,912,343**	**4,178,272**
19	Provisions for pensions and similar obligations	10,420	11,250
	Provisions for loss on guarantees	1,717	3,097
	Total provisions	**12,137**	**14,347**
20	Subordinate debt	525,000	375,000
	Total subordinate debt	**525,000**	**375,000**
	Equity		
	Share capital	41,400	41,400
	Share premium	91,997	91,997
	Revaluation reserves	2,357	0
	Other reserves	2,305	2,128
	Statutory reserves	2,305	2,128
	Retained earnings	351,439	345,016
	Total equity	**489,498**	**480,541**
	Proposed dividends thereof	6,210	6,210
	Total equity and liabilities	**6,938,978**	**5,048,160**

Other notes

21 Contingent liabilities
22 Rental obligations
23 Derivative financial instruments
24 Foreign exchange exposure
25 Capital adequacy requirements
26 Executive and Supervisory Boards
27 Related parties
28 Audit fees
29 Number of employees
30 Disclosures on pooled pension schemes
31 Genuine sale and repurchase transactions and genuine purchase and resale transactions
32 Group statement at 31 December
33 Other commitments and collateral security, etc.

Equity statement

STATEMENT OF CHANGES IN EQUITY FOR 2007 (DKK'000)

	Share capital	Share premium	Revaluation reserves	Statutory reserves	Retained earnings	Proposed dividend for the financial year	Total
Equity at 1 January 2007	**41,400**	**91,997**	**0**	**2,128**	**338,806**	**6,210**	**480,541**
Profit for the period	0	0	0	176	38,345	6,210	44,733
Income or expenses for the period recognised directly in equity	0	0	2,357	0	71	0	2,428
Total income taken to equity	**0**	**0**	**2,357**	**176**	**38,416**	**6,210**	**47,161**
Dividends paid	0	0	0	0	0	-6,210	-6,210
Capital injections or reductions	0	0	0	0	0	0	0
Purchase and sale of own shares	0	0	0	0	-31,992	0	-31,992
Total other changes	**0**	**0**	**0**	**0**	**-31,992**	**-6,210**	**-38,202**
Equity at 31 December 2007	**41,400**	**91,997**	**2,357**	**2,305**	**345,230**	**6,210**	**489,498**

The share capital totals DKK 41.4m and consists of 2,070,000 shares at a nominal value of DKK 20.
The Bank has a portfolio of 81,361 own shares (2006: 18,933), corresponding to 3.9% of the share capital.
The shares were acquired as part of ordinary trading.

STATEMENT OF CHANGES IN EQUITY FOR 2006 (DKK'000)

	Share capital	Share premium	Revaluation reserves	Statutory reserves	Retained earnings	Proposed dividend for the financial year	Total
Equity at 1 January 2006	**34,500**	**31,980**	**0**	**1,957**	**268,835**	**5,175**	**342,447**
Profit for the period	0	0	0	171	82,865	6,210	89,246
Income or expenses for the period recognised directly in equity	0	-2,084	0	0	15	0	-2,069
Total income taken to equity	**0**	**-2,084**	**0**	**171**	**82,880**	**6,210**	**87,177**
Dividends paid	0	0	0	0	0	--5,175	-5,175
Capital injections or reductions	6,900	62,100	0	0	0	0	69,000
Purchase and sale of own shares	0	0	0	0	-12,909	0	-12,909
Total other changes	**0**	**62,100**	**0**	**0**	**-12,909**	**-5,175**	**50,917**
Equity at 31 December 2006	**41,400**	**91,997**	**0**	**2,128**	**338,806**	**6,210**	**480,541**

Cash flow statement

Note		2007 DKK'000	2006 DKK'000
	Pre-tax profit for the year	57,883	111,860
	Impairment losses relating to loans, etc	-6,520	-14,347
	Received, non-recognised fees	6,773	7,132
	Depreciation, amortisation and impairment losses relating to property plant and equipment and intangible assets	11,997	9,771
	Price adjustments of bonds and shares	-4,850	-46,667
	Value adjustments of investments	4,267	-171
	Unrealised value adjustments of investments	0	3,600
	Income taxes paid, net	-13,150	-22,614
	Earnings	**56,400**	**48,564**
	Change in loans and advances	-1,286,373	-1,313,118
	Change in deposits	850,702	256,427
	Change in credit institutions and central banks, net	712,354	1,295,225
	Change in other assets and liabilities*)	-23,891	-43,511
	Cash flows from operating activities	**252,792**	**195,023**
	Acquisition, etc of property, plant and equipment	-23,196	-9,805
	Sale of property, plant and equipment	281	290
	Acquisition of group enterprice	-4,480	0
	Cash flows from investment activities	**-27,396**	**-9,515**
	Change in bond and share portfolios	-159,340	-250,595
	Change in subordinate debt	150,000	150,000
	Dividends paid	-6,210	-5,175
	Dividends received from own shares	71	15
	Trade in own shares and write-down of share capital	-31,992	54,007
	Cash flows from financing activities	**-47,471**	**-51,748**
	Change in cash and cash equivalents	**234,325**	**182,323**
	Cash holdings and demand deposits with central banks, beginning of year	306,398	124,075
	Cash holdings and demand deposits with central banks, end of year	**540,723**	**306,398**

*) Other assets, other liabilities, current and deferred tax assets, current tax liabilities, deferred income and provisions.

Notes

Note		2007 DKK'000	2006 DKK'000
1	**INTEREST INCOME**		
	Receivables from credit institutions and central banks	28,834	8,588
	Loans, advances and other receivables	280,543	188,605
	Bonds	31,186	15,450
	Total derivative financial instruments	3,025	1,374
	Of these Foreign exchange contracts	2,287	171
	Interest rate contracts	1,150	1,218
	Share contracts	-412	-15
	Other interest income	194	214
	Total interest income	**343,782**	**214,231**
2	**INTEREST EXPENSES**		
	Credit institutions and central banks	79,200	30,148
	Deposits and other payables	104,217	42,981
	Subordinate debt	24,486	17,820
	Other interest expenses	0	114
	Total interest expenses	**207,903**	**91,063**
3	**FEE AND COMMISSION INCOME**		
	Securities trading and custody accounts	35,424	53,109
	Payment services	9,128	7,961
	Loan fees	7,094	7,953
	Guarantee commission	31,505	24,327
	Other fees and commissions	15,410	15,265
	Total fee and commission income	**98,561**	**108,615**
4	**VALUE ADJUSTMENTS**		
	Other loans, advances and receivables at fair value	30	16
	Bonds	-4,469	4,191
	Shares, etc	9,319	42,476
	Foreign exchange	7,505	3,023
	Foreign exchange, interest rate, share, commodity and other contracts as well as derivative financial instruments	3,414	-670
	Total value adjustments	**15,799**	**49,036**
5	**STAFF COSTS AND ADMINISTRATIVE EXPENSES**		
	Remuneration of Supervisory and Executive Boards		
	Executive Board*)	6,003	3,533
	Supervisory Board	1,410	1,290
	Total	**7,413**	**4,823**
	Staff costs		
	Wages and salaries**)	79,341	76,202
	Pensions***)	8,296	9,852
	Social security expenses	9,328	8,065
	Total	**96,965**	**94,119**
	Other administration expenses	**68,912**	**63,460**
	Total staff costs and administrative expenses	**173,290**	**162,402**

*) In 2007 including DKK 1,825k in salary to the former Chief Executive Officer during the period under notice.
**) This includes an extraordinary fee of DKK 250k to the Chairman for 2007 for the work of implementing the assessment process under the Corporate Governance regulations as well as the replacement of Chief Executive Officer.
***) This includes recognition of adjustment of unhedged pension commitments by DKK 830k for 2007 (2006: Cost DKK 1,750k)

Notes

Note		2007 DKK'000	2006 DKK'000
6	**AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES RELATING TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT**		
	Depreciation and impairment losses relating to land and buildings	228	211
	Depreciation of machinery and equipment	12,006	10,411
	Total amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment	**12,234**	**10,622**
7	**IMPAIRMENT LOSSES RELATING TO LOANS, ADVANCES AND OTHER RECEIVABLES, ETC**		
	Individual impairment losses:		
	Impairment losses for the year	22,103	19,805
	Reversal of write-downs for impairment made in prior financial years *)	-27,595	-33,570
	Finally lost but no previous write-down for impairment made	655	548
	Recovered from claims previously written off	-875	-505
	Total individual impairment losses	**-5,712**	**-13,723**
	Group-based impairment losses:		
	Impairment losses for the year	-808	-624
	Total group-based impairment losses	**-808**	**-624**
	Total impairment losses relating to loans	**-6,520**	**-14,347**
	*) Including interest of DKK 3,292 on impaired loans for 2007 (2006: DKK 6,146k)		
8	**PROFIT/LOSS FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES**		
	Loss from investments in associates	0	-3,600
	Profit from investments in group enterprises	-4,267	239
	Total profit/loss from investments in associates and group enterprises	**-4,267**	**-3,361**
9	**INCOME TAX**		
	Estimated tax on jointly taxed income for the year	13,308	25,106
	Deferred tax	197	-2,117
	Adjustment of prior years' estimated tax	-355	-375
	Total income tax	**13,150**	**22,614**
	Effective tax rate	25.0%	28.0%
	Permanent differences and tax on impairment loss account*)	2.3%	7.8%
	Effective tax rate	**22.7%**	**20.2%**

*) In 2006 permanent differences primarily relate to non-taxable income from Totalkredit.

Note		2007 DKK'000	2006 DKK'000
10	**RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS**		
	Receivables at call from central banks	100,000	100,000
	Receivables from credit institutions	250,348	92,302
	Total receivables from credit institutions and central banks	**350,348**	**192,302**
	By time-to-maturity		
	Demand deposits	77,708	50,789
	Up to 3 months	272,640	141,513
	Total receivables from credit institutions and central banks	**350,348**	**192,302**

		2007 %	2006 %
11	**LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST**		
	Loans, advances and guarantee debtors by sector and industry		
	Public sector	**0%**	**0%**
	Corporate customers		
	Agriculture, hunting and forestry	7%	8%
	Fisheries	1%	0%
	Manufacturing, mining and utilities	4%	4%
	Building and construction	8%	8%
	Trade, restaurants and hotels	6%	6%
	Transport, mail and telephone	1%	1%
	Credit, finance and insurance	3%	4%
	Property management and trade, business services	27%	22%
	Other trade and industry	10%	10%
	Total corporate customers	**67%**	**63%**
	Private customers	**33%**	**37%**
	Total	**100%**	**100%**

		2007 DKK'000	2006 DKK'000
	Loans and advances by time-to-maturity		
	At call	1,481,618	728,303
	Up to 3 months	1,223,380	1,014,220
	Over 3 months and up to 1 year	751,723	881,872
	Over 1 year and up to 5 years	779,505	645,433
	Over 5 years	721,547	401,826
	Total	**4,957,773**	**3,671,654**
	Value of loans and advances with objective evidence of impairment		
	Loans, advances and receivables before write-down for impairment	125,070	272,907
	Write-down for impairment	68,293	78,133
	Loans and advances with objective evidence of impairment that have been recognised in the balance sheet	**56,777**	**194,774**

Notes

Note		2007 DKK'000	2006 DKK'000
12	**BONDS AT FAIR VALUE**		
	Mortgage bonds	650,037	518,587
	Government bonds	326	42
	Other bonds	119,310	107,202
	Total bonds	**769,673**	**625,831**
13	**SHARES, ETC**		
	Shares/investment fund certificates listed on the Copenhagen Stock Exchange	60,366	48,832
	Shares/investment fund certificates listed on other stock exchanges	7,598	10,889
	Unlisted shares, etc carried at cost	97,932	82,494
	Other shares	15,945	19,280
	Total shares, etc	**181,841**	**161,495**
14	**OWNER-OCCUPIED PROPERTY**		
	Revalued amount at beginning of year	14,689	13,326
	Additions, including improvements	0	1,574
	Depreciation	228	211
	Adjustment at fair value	2,626	0
	Revalued amount at year-end	**17,087**	**14,689**
15	**OTHER PROPERTY, PLANT AND EQUIPMENT**		
	Total cost at beginning of year	64,195	56,797
	Additions	23,196	8,231
	Disposals	737	833
	Total cost at year-end	**86,654**	**64,195**
	Depreciation and impairment losses at beginning of year	37,940	28,924
	Depreciation for the year	11,769	9,559
	Reversal of depreciation and impairment losses	456	543
	Depreciation and impairment losses at year-end	**49,253**	**37,940**
	Recorded assets at year-end	**37,401**	**26,254**
16	**DEFERRED TAX ASSETS AND TAX LIABILITIES**		
	Deferred tax at beginning of year	7,212	5,095
	Lowering of income tax rate (from 28% to 25%)	588	0
	Change in deferred tax	-1,054	2,117
	Deferred tax at year-end	**6,746**	**7,212**
	Intangible assets	25	36
	Property, plant and equipment	1,860	1,769
	Loans and advances	1,693	1,997
	Employee commitments	2,605	3,150
	Other	562	259
	Total	**6,746**	**7,212**

Note		2007 DKK'000	2006 DKK'000
17	**PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS**		
	By time-to-maturity		
	On demand	265,993	236,108
	Up to 3 months	752,000	748,560
	Over 3 months and up to 1 year	498,264	135,000
	Over 1 year and up to 5 years	1,093,811	560,000
	Over 5 years	0	60,000
	Total payables to credit institutions and central banks	**2,610,068**	**1,739,668**
18	**DEPOSITS AND OTHER PAYABLES**		
	On demand	1,660,523	1,511,766
	At notice	123,436	208,235
	Time deposits	1,207,420	467,020
	Special deposits	236,978	190,633
	Total deposits	**3,228,357**	**2,377,654**
	By time-to-maturity		
	On demand	1,703,516	1,557,034
	Up to 3 months	1,310,152	666,237
	Over 3 months and up to 1 year	34,457	21,396
	Over 1 year and up to 5 years	53,206	37,227
	Over 5 years	127,026	95,760
	Total deposits	**3,228,357**	**2,377,654**
19	**PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS**		
	Defined benefit plans	10,420	11,250
	Total	**10,420**	**11,250**

The obligation provided for is settled on a current basis through the payment of monthly pensions.

Note		2007 DKK'000	2006 DKK'000
20	**SUBORDINATE DEBT**		
	Subordinate loan capital	425,000	275,000
	Hybrid core capital	100,000	100,000
	Total subordinate debt	**525,000**	**375,000**

Subordinated debt comprises seven loans of DKK 50m, 75m, 50m, 100m, 100m, 100m and 50m respectively.

The first loan is a bullet loan in DKK which matures on 24 March 2012. The loan can be prepaid on 24 March 2009 and bear 4.89% interest from 24 March 2004 to 24 March 2009. If the loan is not paid on 24 March 2009 it will be subject to a variable interest rate of 6 month Cibor +3.00% until expiry.
Interest for 2007 amounted to DKK 2,445k.

The second loan is a bullet loan in DKK which matures on 1 November 2012. The loan can be prepaid on 1 November 2009, and the loan bears variable interest of 6 month Cibor +1.45%. If the loan is not paid on 1 November 2009, it will be subject to a variable rate of 6 month Cibor +2.95% until expiry. Interest for 2007 amounted to DKK 4,321k.

Continued...

The third loan is a bullet loan in DKK which matures on 30 June 2013. The loan can be prepaid on 30 June 2010 and bear 3.92% interest from 30 June 2005 to 30 June 2010. If the loan is not paid on 30 June 2010 it will be subject to a variable interest rate of 3 month Cibor +2.75% until expiry. Interest for 2007 amounted to DKK 1,960k.

The fourth loan consists of capital certificates in the form of hybrid capital in DKK. The capital certificates are of infinite maturity and can be prepaid on 1 May 2016. From 28 March 2006 to 1 May 2016 the capital certificates bear variable interest of 3 month Cibor + 1.85%. From 1 May 2016 the capital certificates are subject to variable interest of 3 month Cibor +2.85%. The loan was paid out on 28 March 2006 and interest in 2007 amounted to DKK 6,198k.

The fifth loan is a bullet loan in DKK which matures in September 2014. The loan can be prepaid in September 2011, and the loan bears variable interest of 6 month Cibor +1.20%. If the loan is not paid in September 2011, it will be subject to a variable rate of 6 month Cibor +2.70% until expiry. The loan was paid out on 30 June 2006 and interest in 2007 amounted to DKK 5,508k.

The sixth loan consists of capital certificates in the form of hybrid capital in DKK. The capital certificates are of infinite maturity and can be prepaid on 1 May 2016. From 28 March 2006 to 1 May 2016 the capital certificates bear variable interest of 3 month Cibor + 1.85%. From 1 May 2016 the capital certificates are subject to variable interest of 3 month Cibor +2.85%. The loan was paid out on 28 March 2006 and interest in 2007 amounted to DKK 3,810k.

The seventh loan is a bullet loan in DKK which matures in September 2014. The loan can be prepaid in September 2011, and the loan bears variable interest of 6 month Cibor +1.20%. If the loan is not paid in September 2011, it will be subject to a variable rate of 6 month Cibor +2.70% until expiry. The loan was paid out on 30 June 2006 and interest in 2007 amounted to DKK 244k.

All seven loans to a nominal value of DKK 525 million are included in the statement of the capital base to the full amount.

		2007 DKK'000	2006 DKK'000
21	**CONTINGENT LIABILITIES**		
	Guarantees etc.		
	Financial guarantees	1,535,494	1,384,303
	Loan loss guarantees for mortgage loans	1,141,081	1,005,738
	Registration and refinancing guarantees	139,240	134,883
	Other guarantees	319,120	291,064
	Total guarantees, etc	**3,134,935**	**2,815,988**
	Other contingent liabilities		
	Other commitments	2,138	1,933
	Total other contingent liabilities	**2,138**	**1,933**

22 **RENTAL OBLIGATIONS**

Max Bank has rental obligations for eight leases which are terminable no earlier than effective from 1 June 2008, 1 July 2008, 1 March 2009, 1 June 2010, 1 October 2011, 31 July 2012, and 31 December 2014, respectively. The annual rent of the leases is DKK 3,642k.

23 **DERIVATIVE FINANCIAL INSTRUMENTS** (DKK'000)
Derivatives financial instruments

By time-to-maturity	**2007**							
	<= 3 mon		>3 mon but <=1 yr		>1 yr but <=5 yr		>5 yr	
	Nominal value	Market value, net	Nominal value	Market value, net	Nominal value	Market value, net	Nominal value	Market value, net
Foreign exchange contracts								
Fwd contracts/futures, purchased	1,258,969	-6,997	34,489	-762	0	0	0	0
Fwd contracts/futures, sold	1,131,518	10,203	84,941	685	0	0	0	0
Currency swaps	0	0	0	0	0	0	0	0
Interest rate contracts								
Fwd contracts/futures, purchased	178,865	-100	0	0	0	0	0	0
Fwd contracts/futures, sold	26,015	198	0	0	0	0	0	0
Interest rate swaps	0	0	35,000	-8	52,745	-1,159	7,003	93
Share contracts								
Options, purchased	121	107	0	0	0	0	0	0
Options, issued	121	-107	0	0	0	0	0	0

Derivatives instrumenter	**2007**		2006		**2007**		2006	
	Total		Total		Market value		Market value	
	Nominal value	Market value, net	Nominal value	Market value, net	Positive	Negative	Positive	Negative
Foreign exchange contracts								
Fwd contracts/futures, purchased	1,293,459	-7,759	188,459	-2,761	3,826	11,584	657	3,419
Fwd contracts/futures, sold	1,216,459	10,888	474,110	2,693	15,147	4,260	3,666	973
Currency swaps	0	0	73,568	117	0	0	858	741
Interest rate contracts								
Fwd contracts/futures, purchased	178,865	-100	39,280	2	89	189	48	50
Fwd contracts/futures, sold	26,015	198	80,515	24	198	0	34	11
Interest rate swaps	94,747	-1,074	65,365	-1,021	141	1,215	107	1,128
Share contracts								
Options, purchased	121	107	224	0	107	0	0	0
Options, issued	121	-107	224	0	0	107	0	0
Net market value, total		**2,153**		**-946**	**19,508**	**17,355**	**5,370**	**6,322**

Derivatives	**2007**		2006	
	Average market value*)		Average market value*)	
	Positive	Negative	Positive	Negative
Foreign exchange contracts				
Fwd contracts/futures, purchased	3,203	6,330	471	2,843
Fwd contracts/futures, sold	8,867	3,790	3,075	591
Currency swaps	0	0	1,179	1,035
Interest rate contracts				
Fwd contracts/futures, purchased	187	136	149	134
Fwd contracts/futures, sold	115	16	179	19
Currency swaps	135	1,201	69	968
Share contracts				
Options, purchased	27	0	5	0
Options, issued	0	27	0	5
Total net market value	**12,534**	**11,500**	**5,127**	**5,595**

*) Average market value is calculated as the average of the 4 quarters.

Notes

Note

Unsettled spot transactions	2007			
	Nominal value	Pos. market value	Neg. market value	Net market value
Foreign exchange contracts, purchased	39,991	0	29	-29
Foreign exchange contracts, sold	3,391	7	1	6
Interest rate contracts, purchased	82,492	42	44	-2
Interest rate contracts, sold	31,040	40	40	0
Share contracts, purchased	5,034	181	217	-36
Share contracts, sold	5,170	220	156	64
Total 2007	**167,118**	**490**	**487**	**3**
Total 2006	60,736	170	306	-136

		2007 DKK'000	2006 DKK'000
24	**FOREIGN EXCHANGE EXPOSURE**		
	By primary currency		
	USD	235	173
	GBP	296	281
	SEK	1,744	916
	NOK	218	-1,068
	CHF	2,824	119
	CAD	34	28
	JPY	211	37
	EUR	-1,935	5,811
	Total assets denominated in foreign currencies	1,027,269	422,058
	Total liabilities denominated in foreign currencies	1,130,857	144,952
	Exchange rate indicator 1	6,377	7,363
	Exchange rate indicator 1 as a percentage of core capital after statutory deductions	1,1%	1,3%
25	**CAPITAL ADEQUACY REQUIREMENTS*)**		
	Core capital	487,140	480,541
	Proposed dividend	6,210	6,210
	Tax assets	6,746	7,212
	Hybrid core capital	83,680	82,433
	Core capital after statutory deductions	**557,865**	**549,552**
	Subordinate loan capital	425,000	275,000
	Revaluation reserves	2,357	0
	Hybrid capital	16,320	17,567
	Deductions from capital base	0	4,135
	Capital base net of statutory deductions	**1,001,542**	**837,984**

Continued...

Note		2007 DKK'000	2006 DKK'000
	Capital adequacy requirements under section 124(1) of the Danish Financial Business Act	553,785	428,376
	Weighted items outside the trading portfolio	6,392,918	4,889,819
	Weighted items subject to market risk, etc	529,399	464,881
	Total weighted items	**6,922,317**	**5,354,700**
	Total core capital net of statutory deductions as a percentage of weighted items	8.1%	10.3%
	Capital adequacy ratio under section 124(1) or section 125(1) of the Danish Financial Business Act	**14.5%**	**15.6%**

*) Calculated applying the rules of the Danish Financial Supervisory Authority's Executive Order on Capital Adequacy.

26 **EXECUTIVE AND SUPERVISORY BOARDS**

Size of loans, charges, recourse or non-recourse guarantees as well as related collateral security

	2007 DKK'000	2006 DKK'000
Loans, etc.		
Executive Board	250	350
Supervisory Board	14,254	14,853
Collateral security		
Executive Board	0	0
Supervisory Board	2,665	2,501

	Change in 2007 Units	Change in 2006 Units
Supervisory Board members' shareholdings in Max Bank A/S and changes in 2007		
Hans Fossing Nielsen	5,930	- 10
Dan Andersen	6,715	0
Niels Henrik Andersen	852	0
Henrik Forssling	2,404	0
Sven Jacobsen	1,074	0
Steen Sørensen	341	0
Mogens Pedersen	616	9
Kurt Aarestrup	277	9
Mie Rahbek Hjorth	113	0

27 **RELATED PARTIES**

The Bank's related parties comprise the members of its Executive and Supervisory Boards and those enterprises in which the Supervisory Board members hold management positions as well as Nauca A/S and AdministratorGruppen A/S. In addition to the debt to the Bank, some of the companies of the Supervisory Board members provide services to the Bank in their respective fields of competence. In 2006, the Bank purchased services from: Dan Andersen, COMING/1 Reklame/markedsføring A/S: Advertising, adverts and marketing for DKK 7,797k (2006: 9,460k) inclusive of VAT.
All services are paid for at arm's length.

Notes

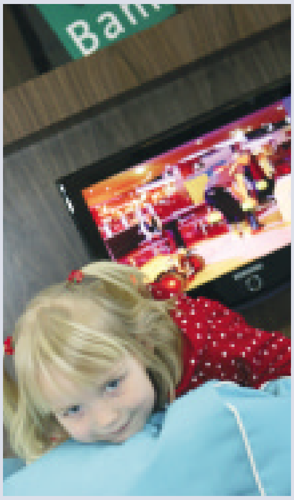
Note		2007 DKK'000	2006 DKK'000
28	**AUDIT FEES**		
	Total fees to the audit firms appointed by the general meeting which perform the statutory audit	921	785
	Non-audit services of this amount	393	178
	An internal audit department has been set up.		
29	**NUMBER OF EMPLOYEES**		
	Average number of employees for the financial year converted into full-time employee equivalents	212.9	197.7
30	**DISCLOSURES ON POOLED PENSION SCHEMES**		
	The Bank does not have any pooled pension schemes.		
31	**GENUINE SALE AND REPURCHASE TRANSACTIONS AND GENUINE PURCHASE AND RESALE TRANSACTIONS (repos/reverse transactions)**		
	No contracts for repo/reverse transactions had been entered into at year-end 2007 or 2006.		
32	**GROUP STATEMENT AT 31 DECEMBER**		
	The Bank holds the entire share capital in Nauca A/S. The company has its registered office in Næstved and carries on property letting business.		
	Nauca A/S		
	Equity	5,388	5,212
	Profit for the year	176	239
	Debt to Max Bank	1,842	2,180
	The Bank holds 51% of the shares in AdministratorGruppen A/S. The company has its registered office in Næstved and carries on property magement business.		
	AdministratorGruppen A/S	3,221	
	Equity	-5,861	
	Profit/loss for the year	3,959	
	Debt to Max Bank		

With reference to the modest size of the subsidiaries, consolidated financial statements have not been prepared. Business with the subsidiaries is conducted on an arm's length basis. The Bank is taxed jointly with Nauca A/S and AdministratorGruppen AS.

33 **OTHER COMMITMENTS AND COLLATERAL SECURITY, ETC**

The Bank is jointly and severally liable with the subsidiaries for income taxes.

The Bank does not have any other contingent liabilities.



Bank·Shop, Århus

Our branches

Head office
Jernbanegade 9
4700 Næstved
Telephone +45 55 78 01 11
Email: post@maxbank.dk
Company Registration No. (CVR-nr.) 4017 2319
Corporate Director Claus Hansen
Investment Manager Flemming Jørgensen
Branch Manager Direct Centre Carsten Lund

City Department
Grønnegade 20
4700 Næstved
Telephone +45 56 16 50 00
Email: city@maxbank.dk
Branch Manager Birger Andersen

Stor-Center Department
Næstved Stor-Center 18
4700 Næstved
Tel. +45 55 78 25 50
Email: storcenter@maxbank.dk
Branch Manager Leif Alfredsen

Faxe Department
Torvegade 1
4640 Faxe
Telephone +45 56 77 10 00
Email: faxe@maxbank.dk
Branch Manager Peter Laugesen

Haslev Department
Jernbanegade 46A
4690 Haslev
Telephone +45 56 36 57 00
Email: haslev@maxbank.dk
Branch Manager Kirsten Hedegaard Pedersen

Herlufmagle Department
Helgesvej 27
4160 Herlufmagle
Telephone +45 55 50 54 00
Email: herlufmagle@maxbank.dk
Branch Manager Mads Andersen

Slagelse Department
Fisketorvet 1
4200 Slagelse
Telephone +45 58 56 05 58
Email: slagelse@maxbank.dk
Branch Manager Frank Humble

Vordingborg Department
Algade 99
4760 Vordingborg
Telephone +45 55 36 05 05
Email: vordingborg@maxbank.dk
Branch Manager Søren Goth Pedersen

Århus Department
Bank·Butik (Bank Store)
M.P. Bruuns Gade 46
8000 Århus C
Tel. +45 56 16 53 30

Corporate and Investment Centre
Banegårdspladsen 18, 2. sal
8000 Århus C
Tel. + 45 56 16 53 00
Email: aarhus@maxbank.dk
Area Manager Søren Høirup

Board · Management · Auditing

THE SUPERVISORY BOARD


Hans Fossing Nielsen
Chairman

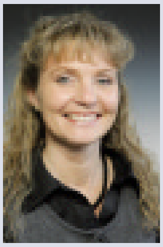

Dan Andersen,
Vice Chairman


Niels Henrik
Andersen


Henrik Forssling


Sven Jacobsen


Steen Sørensen


Mie Rahbek Hjorth
(Employee
representative)


Mogens Pedersen
(Employee
representative)


Kurt Aarestrup
(Employee
Representative)

THE EXECUTIVE BOARD


Hans Verner Larsen,
Managing Director

Hans Verner Larsen, 57. Managing Director.
Member of the board of directors of the bank's subsidiary Nauca A/S.

AUDITORS
Deloitte State-authorised Public Accountants
Weidekampsgade 6
0900 Copenhagen C

COMING/1 . 12408 . 8.0.2.0

Max Bank A/S
Head office:
Jernbanegade 9
DK-4700 Næstved
Tel. +45 55 78 01 11
Fax +45 55 78 01 22
post@maxbank.dk
www.maxbank.dk

Central Business Registration No: 4017 2319

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